

Transcript of Egyptian court's judgment reveals:

Ras Burka slayer was neurotic, but 'not insane'

By BENNY MORRIS
Post Diplomatic Correspondent

The Ras Burka mass murderer, Sergeant Suleiman Mohammed Abdel Hamid Khater, suffered from "acute nervousness resulting from depression...and pathological fears, especially of darkness and the sight of blood, with a tendency to dissociate from external reality." But he was "not insane or retarded or epileptic and must be regarded as responsible for his actions," according to expert testimony given before the Egyptian court that tried him.

A brain scan done on Khater after the murders found that he had "a frontal focus on the side of the left lobe" - meaning that he had a small tumour or area of calcification, possibly a result of a blow suffered years before. But the doctors saw "no connection between [this] and [Khater's] willpower or capacity to distinguish [between good and evil]."

This was the diagnosis of the psychiatric board of examiners at the Al Suez Military Hospital and doctors at the Al Ma'adi Military Hospital who checked Khater some two weeks after he had murdered seven Israeli tourists on a hill at Ras Burka on the Gulf of Eilat coast on October 5, 1985.

According to the testimony of his comrades-in-arms from the Central Security Police, Khater was "well-mannered" and "civil," and was "not extreme or fanatic," though he did tell his commander, Major Ahmed Kamal ad-Din Al-Sheikh, "that the strangers [i.e., tourists] used to come [to the site] naked, which contradicted the Islamic faith."

These facts and testimony are included in the 51-page transcript of the "Judgement in the Name of the People" delivered on December 28, 1985 by the Supreme Military Court

- Special Branch, which sentenced Khater to life imprisonment with hard labour. Khater was subsequently found dead in his cell, either a victim of suicide or murder.

According to the judgement, and contrary to initial reports published in Israel, five of the seven victims - Haiman Shalah, Dina Be'eri, Tsili

Shelah, Ofri Turel and Ilana Shelah - had received severe injuries and died of them in less than an hour. The two other victims - Anita Griffel and Amir Baum - were less severely injured and died of loss of blood.

According to the report, Egyptian medical staff and officers reached the victims between 75 and 90 minutes after the shootings. Khater, according to the report, helped carry the victims "to the bottom of the hill and afterwards into the refrigerator in Nueibah." Khater, who fired two magazines of bullets (49 cartridges were found) in the shooting spree, behaved "well and normally" when disarmed and taken into custody, according to Egyptian witnesses. He maintained that, when he was shooting, he knew that the victims were "strangers" but did not know that they were Israelis.

The court gave Khater the life sentence rather than death, which is common in Egypt for such crimes, because, according to the judgement, "in the offender's heart there was no base motive....Moreover, it became clear to the court that his work conditions in the remote desert region exacerbated his depressed state....The court took into account [also]...that the victims, though they had not harmed or insulted [Khater] or his country or any other per-

son...had indeed climbed up to his position without need and despite the fact that the area they were allowed to move in was restricted to the Gulf of Aqaba beach....Therefore, they contributed to [Khater's] ire to a degree that pushed him to hastiness when he found himself confronting three adults and nine children playing while dressed in bathing suits." The court also took Khater's youth and "his expressions of remorse" into account.

In passing judgement and sentence, the court, while attributing deliberation to Khater's crime, declined to identify the motive for his actions. Indeed, the court argued that the motive "is not a foundation or component of the crime" and therefore it is not necessary to discover or define it in reaching judgement. (A full description and analysis of the Ras Burka judgement will be published in *The Jerusalem Post* tomorrow).

DOCUMENT

New Israel Bank head still to be named

Peres accepts Mandelbaum's resignation

By AVI TEMKIN
Post Economic Reporter

Prime Minister Peres yesterday accepted the resignation of Bank of Israel Governor Moshe Mandelbaum, even though a successor, whom Mandelbaum had said should be named before he left his post, has yet to be found.

Mandelbaum left a letter of resignation at his office, before flying to the U.S. on Monday. The letter was

intended for delivery to the prime minister when a new central bank governor had been found. But Peres yesterday went ahead and accepted the resignation.

Officially Mandelbaum, who resigned at the behest of the Bejski Commission, will step down after the cabinet has informed President Herzog of the resignation, which is likely to be on Sunday.

Meanwhile, Examiner of Bank

Galia Maor told the Knesset Finance Committee that the opposed the Bejski Commission's recommendation that the governor of the central bank be empowered to dismiss bank managers and directors.

She said it would be preferable to broaden the list of people disqualified from service as bank officers to include those ruled unfit by a commission of inquiry. Currently, only those convicted of crimes involving moral turpitude are disqualified.

David Libai (Alignment) proposed to the committee that people singled out for disciplinary action by a commission be required by law to heed that commission. But, he added, they should be given the right of appeal.

Mandelbaum's departure is expected to trigger intensive efforts to appoint a new governor before Sunday. Government sources said yesterday that they hoped the deadlock between the Likud and Labour on this issue would be broken today.

Peres strongly supports the candidacy of Deputy Finance Minister Adiel Amoral, but Peres is strongly



Bimal Kaur Khalsa, the 32-year-old widow of Beant Singh, one of the Sikh bodyguards who assassinated Prime Minister Indira Gandhi, sits quietly with her three-year-old son who is holding a toy gun, just hours before she led yesterday's rampage through the Golden Temple. (Reuters)

International bankers back Japhet

By PINHAS LANDAU
Post Finance Reporter

Some of the world's leading bankers have privately advised the government that the international banking community would regard the abrupt removal of former Bank Leumi head Ernest Japhet from all his international posts as a blow to the bank's standing. *The Jerusalem Post* has learned.

Japhet, who resigned as chairman and chief executive officer of the bank on May 11, did not seek reelection to the board at the bank's annual general meeting yesterday,

and is therefore no longer a member of its board of directors.

The international bankers, including the heads of the largest banks in the U.S. and UK, suggested that Japhet, who enjoys the highest esteem abroad, be allowed to stay on as the chairman of Leumi's overseas subsidiaries.

Japhet himself has not yet indicated what he intends to do in this respect. But recent developments in the Leumi group would seem to indicate that he will relinquish his posts in the Israeli subsidiaries, while remaining in his foreign positions.

(Continued on back page)

IN BRIEF

Shi'ites, Palestinians battle in Beirut for control of camps

BEIRUT (AP). - Shi'ite Amal militiamen, fresh from crushing a Sunni faction in West Beirut, battled with Palestinians for the 17th straight day yesterday in the struggle for control of the city's refugee camps. Police said three people had been killed and 11 wounded.

Both sides used mortars, rocket-propelled grenades and machine guns in the fighting - a de-escalation from the previous three days of battles by tanks and multi-barrelled rocket launchers.

At a meeting yesterday in West Beirut attended by prime Minister Rashid Karameh, Amal officials, representatives of the Druse Progressive Socialist Party and other leftist parties it was decided to deploy the Lebanese Army in the Moslem half of the capital.

Police bar Gush march in Old City

Police last night forbade Gush Emunim from marching along Rehov Hagai through the Old City's Moslem Quarter to mark the end of Jerusalem Day tonight.

The police said the street, leading to the Western Wall, would be crowded with thousands of Moslems on their way to prayers at the Temple Mount.

But Gush Emunim still plans to join Mercat Harav yeshiva students on their traditional march to the Western Wall, *Kol Yisrael* reported.

Meanwhile, eight suspects were arrested during riots which broke out on Tuesday in the Temple Mount and Damascus Gate areas.

World Cup scores

QUERETARO, Mexico (Reuters). - Klaus Allofs scored five minutes from time to give West Germany a deserved 1-1 draw with Uruguay in a Group E match here yesterday.

Allofs' effort cancelled out the goal Uruguay scored after only four minutes when Antonio Alzamendi gratefully accepted a casual back pass by Thomas Berthold to score.

In Toluca, Paraguay had to fight hard to subdue determined underdogs Iraq 1-0 in a Group B match at Toluca Stadium.

The South Americans had to weather a series of early attacks by Iraq before taking the lead in the 35th minute through Julio Cesar Romero.

Court sees emotion-charged Ya'ari-Granot confrontation

By YORAM GAZIT
For The Jerusalem Post

TEL AVIV. - Murder defendant Hava Ya'ari was visibly shaken yesterday when the police officer who had been sitting between her and her former best friend, co-defendant Aviva Granot, in the district courthouse left her place. Ya'ari cringed away from Granot and moved closer to the policeman on her other side.

On the third day of one of the most dramatic murder trials in recent years, the bench watched a videotaped confrontation between the two defendants who are accused of murdering tourist Mala Malavski on the Tel Baruch beach.

The fear of Granot that Ya'ari showed yesterday in court was even greater than that filmed in Ramat Gan's police station during the investigation.

When chief investigator Michael Hadad told Ya'ari, during her investigation, that he was going to bring Granot into the room, Ya'ari burst out crying hysterically.

"I don't want to see her," Ya'ari cried. "I can't see her; I just can't...I'm scared to death of her; she's a

witch. She practises black magic and she's put many things into my head."

As she watched herself on the video screen in court yesterday, Ya'ari glanced toward Granot and shuddered. She then looked toward her sister Tzipi, who smiled at her, and looked back at the screen.

Hadad was shown on video talking to Ya'ari and trying to convince her to agree to meet Granot.

The two women are charged with killing Malavski by hitting her on the head with a rolling pin and running her over with Ya'ari's car. After Malavski had threatened to tell the police they had stolen \$2,000 from her bank account.

Hadad kept insisting that Ya'ari should see Granot and tell her version of Malavski's death. Ya'ari cried: "Don't do it to me Michael; let me rest; I'm scared to death of her. It's a fear I have had for many years; I was under her control."

Hadad twice tried to bring Granot in, but each time he made a move. Ya'ari panicked and ran to the corner of the room like a frightened animal.

Eventually, when Granot was

(Continued on back page)

Sikhs kill one, injure 7 in Golden Temple rampage

AMRITSAR, India (Reuters). - Sikh militants, led by the widow of one of Indira Gandhi's assassins, slashed to death a volunteer guard and injured seven others here yesterday during a rampage through the Sikh's holiest shrine, the Golden Temple.

About 200 militants occupied the temple complex for 15 minutes before security forces stormed into the shrine to restore order, arresting nearly 150 people.

The violence broke out during "genocide week" which Sikhs commemorate from June 1 to 7 to mark the Indian army's storming of the temple in 1984 to oust Sikh separatists.

In other Punjab violence one person died and 26 were injured in a clash between right-wing Hindus and police in the town of Kapurthala, about 50 miles (80 kms.) from Amritsar.

Eyewitnesses in Amritsar said Bimal Kaur Khalsa, the 32-year-old widow of Beant Singh, one of the two Sikh bodyguards who assassinated Prime Minister Indira Gandhi, shouted slogans as she led the militants in an attack on volunteers guarding the temple.

Pollard pleads guilty as spy trial opens

By WOLF BLITZER
Jerusalem Post Correspondent

WASHINGTON. - Jonathan Jay Pollard, a former U.S. naval intelligence analyst, yesterday pleaded guilty to charges of spying for Israel.

His wife, Anne Henderson-Pollard, also pleaded guilty to the lesser charge of unauthorized possession of classified documents.

As part of an elaborate plea bargaining arrangement designed to avoid a full-scale trial, the Pollards are expected to receive reduced prison sentences. District Court Judge Aubrey Robinson, Jr. said that formal sentencing would be announced in the coming weeks.

The U.S. government, according to Pollard's lawyer, Richard Hibeey, has agreed to drop a maximum life in prison sentence for Pollard. He is still expected to spend several years in prison.

The U.S. Attorney for the District of Columbia, Joseph DiGenova, told reporters that a U.S. Grand Jury was still hearing evidence on other allegations of a possibly broader Israeli spy network in the United States. Additional indictments against U.S. and Israeli citizens might yet be issued, he added.

He praised what he called Israel's earlier "unprecedented" cooperation with the U.S. in the Pollard investigation, but he refused to comment on news media reports that the Israeli government had misled the

U.S. about the scope of the operation.

Israel has maintained that the Pollard affair was an unauthorized deviation of official policy. Privately, U.S. officials said yesterday they were by no means certain of that contention, given the elaborate scope of the Pollard operation.

In a written indictment against Pollard filed with the court yesterday, the Grand Jury charged four Israelis as "unindicted co-conspirators" because of their participation with Pollard in the espionage ring. All four are today in Israel.

Those named were Rafael Eitan, the veteran Israeli intelligence operative who was responsible for the now-disbanded unit which "handed" Pollard; Israeli diplomat Yosef Yagur, a science attaché who returned to Israel immediately after Pollard was arrested last November; Irit Erb, a secretary at the Embassy in Washington who also fled to Israel at that time; and Israeli Air Force Colonel Aviam "Avi" Sella, who recruited Pollard for the operation in 1984 while Sella was a graduate student at New York University.

The indictment did not name Ilan Ravid, another Israeli science attaché in the U.S. who returned to Israel with Yagur. Ravid, U.S. sources said, had not been directly involved in the conspiracy.

But the indictment did mention another Israeli official who was involved, but referred to him only as "Uzi." This Israeli had been present

(Continued on back page)

Harish to decide on GSS affair within 'a few days'

Jerusalem Post Staff

Attorney-General Yosef Harish, who assumed office yesterday, in a ceremony at the Justice Ministry, attended by former attorney-general Yitzhak Zamir and Justice Minister Yitzhak Moda'i, will today begin studying the file on the General Security Service affair.

Yesterday he told journalists that he hoped to decide within "a few days" on the future handling of the affair though for the moment, Zamir's instruction to the police to open an investigation into the matter stands.

Harish hopes to discuss the matter today with Police Inspector-General David Kraus, who spent yesterday with Police Minister Haim Bar-Lev in Eilat, where the minister is vacationing.

In a parting letter to jurists in the public service, Zamir yesterday warned against the phenomenon of government bodies violating the law in the name of security. Such violations would change the nature of Israeli society, said the outgoing attorney-general.

Meanwhile, Labour and Social Affairs Minister Moshe Katsav said,

during a meeting of Likud ministers, that he was afraid the Alignment had "impure motives" towards the Likud on the question of the GSS investigation, Israel TV reported.

Katsav said that Energy Minister Moshe Shahal had told him that Vice Premier Yitzhak Shamir had been absent from Peres's meeting with the GSS head and a number of Alignment ministers on Sunday although he had been invited. Shamir denied Shahal's allegations.

Shamir said that he had grown increasingly confident, following a meeting Tuesday night with Peres, that the prime minister would not take advantage of the GSS affair for political gains.

Peres indicated last night that he preferred a military investigation into the GSS affair.

A military investigation and adjudication system exists for people serving in uniform or otherwise serving the nation's security, he said, addressing the opening dinner session of the 59th annual national convention of the Israeli B'nai B'rith at the Ramada Renaissance Hotel, in Jerusalem.

Police quell mass riots in Mea She'arim

Jerusalem Post Staff

Large police forces were called to Mea She'arim last night to control crowds of ultra-Orthodox youths who had stoned passing cars.

Police managed to disperse the crowds and large forces were patrolling the streets of the neighbourhood late last night.

One policeman and one of the youths were injured in scuffles.

Municipal garbage bins were burned, and the main street of Mea She'arim was covered with shards of broken glass.

The violence came at the height of an Orthodox campaign to burn bus stops and paint over "Jewish" advertisements. Several *haredim* have been arrested recently and charged for damaging bus shelters. (Background report - page 4)

Fallout from terror strike could poison half of Tel Aviv and Haifa

Expert warns against N-power plant in Negev

By BERNARD JOSEPHS
Jerusalem Post Reporter

A successful terrorist strike against an atomic power plant in the Negev could leave up to half the population of Tel Aviv and Haifa suffering from radiation sickness, a leading scientist warned yesterday.

Professor Eshel Ben Ya'acov, a Tel Aviv University physicist, was presenting the case against building such a plant in Israel, at a Hebrew University nuclear debate.

He said: "Where a terrorist is willing to blow himself up in a car attacking an embassy, he will be even more willing to die crashing a plane into a nuclear plant."

The professor predicted that in the event of such an attack and a melt-down of the reactor core far larger than the estimated 10 per cent melt-down at Chernobyl - and "given the right winds" - 50 per cent of people in the two cities would become ill from the effects of radiation.

Ben Ya'acov was speaking at the final session of the International Conference on Environmental Quality and Ecosystem Stability at the university's Mount Scopus campus.

Opposing him in the debate was Prof. Amos Netaf, of the Haifa Technion's nuclear engineering department, who said that Israel had no choice but to go nuclear "whether we like it or not."

Netaf said that the country could not go on forever relying on oil- and coal-run power plants. These would have to be replaced and nuclear power was the only viable alternative.

As to the danger of attack, added the professor, "there are reasons why this should not be talked about here."

"For a small country such as Israel," he went on, "the significance of mistakes, failures and delays in nuclear power programmes is very dramatic. Consequently, this should be a national project requiring heavy investments and a long-term approach."

See Chernobyl news and analysis Pages 3 and 6

"The advantages of nuclear power reactors are enormous but in Israel it will take us some time to be ready for them. One can't think about the future without nuclear power. But we must first develop the infrastructure and the trained manpower to deal with it."

Ben Ya'acov replied that there were many reasons, ranging from cost to danger of attack, why such plants were undesirable.

"You must ask yourself, even if you save one cent per kilowatt of electricity, is it worth it, if society is scared to death in the process?"

Ben Ya'acov asserted that Israel Electric Corporation figures showed that the country's conventional power stations were enough to meet the demand for power over the next 20 to 40 years. What would the country do with the dangerous waste products of nuclear power, send them into space?" he asked.

He suggested that money be spent developing alternative forms of energy, such as solar and geo-thermal power, instead of being pumped into nuclear plants.

Finally he warned: "The moment Israel gets into buying nuclear plants for power, the surrounding countries will do the same. Do we want to bring this risky technology into the unstable Middle East?"

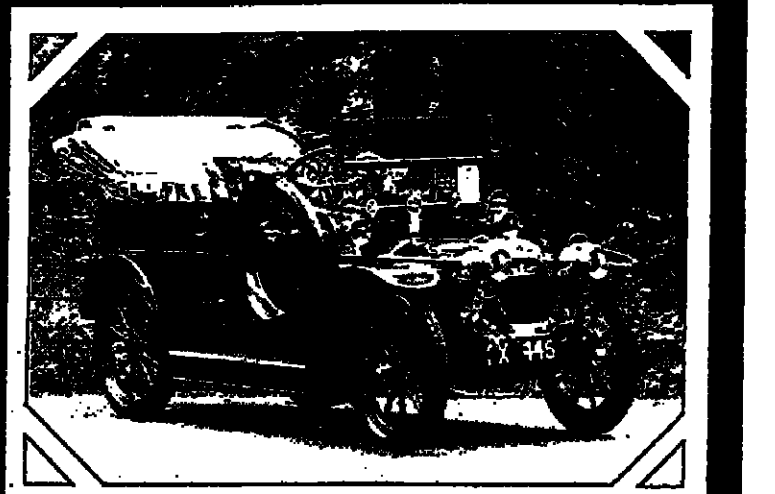
Meanwhile, in Geneva, the head of the International Atomic Energy Agency (IAEA) said on Monday that while the Chernobyl reactor disaster had dealt a setback to the industry, it would not halt the expansion of nuclear power.

Blix, who travelled to the disaster area last month, said he was confident that Soviet authorities would undertake the same kind of searching safety analysis that was taking place in the West.

"The Chernobyl plants generated 4,000 megawatts of electricity," he said, "the same amount of coal (needed to produce the same volume) would cost a certain number of casualties among miners and transport workers, and through pollution would inflict some death or damage upon woods, lakes, lands and cities and cause a certain number of cancer deaths."

Lord Marshall, of the UK's Central Electricity Generation Board said the industry had to make a greater effort to convince public opinion that nuclear power "has the smallest risk of any energy source known to man...We must get over to the public that we live in a radioactive world. Everything is radioactive."

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The weather at major Swissair destinations

	MIN.	C	F	MAX.	WIND	RAIN
AMSTERDAM	7	46	12	54	Clear	
BIRMINGHAM	6	43	10	51	Clear	
BIRMINGHAM	11	52	18	64	Clear	
CHICAGO	5	41	24	57	Clear	
COPENHAGEN	11	52	14	72	Clear	
FRANKFURT	11	52	14	72	Clear	
GENEVA	12	54	19	66	Clear	
HELSINKI	13	55	18	64	Clear	
HONG KONG	25	77	30	86	Clear	
JERUSALEM	11	52	14	72	Clear	
LONDON	16	61	26	79	Clear	
MADRID	8	46	15	59	Clear	
MONTREAL	13	55	17	63	Clear	
NEW YORK	10	50	21	70	Clear	
OSLO	14	57	28	68	Clear	
PARIS	14	57	28	68	Clear	
RIO DE JANEIRO	14	57	23	74	Clear	
SAO PAULO	18	64	17	63	Clear	
STOCKHOLM	18	64	24	75	Clear	
TOKYO	18	64	24	75	Clear	
TORONTO	10	50	25	77	Clear	
VIENNA	10	50	25	77	Clear	
ZURICH	6	43	14	57	Clear	

*For the latest weather conditions contact Swissair.

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Be'er Sheva, 33 Ha'aretz St. (05) 222222
Cairo, 55 Shalom St. (02) 222222

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THE WEATHER

Forecast:	Yesterday's Humidity	Yesterday's Min-Max	Today's Max
Jerusalem	16	16-25	25
Colonia	25	18-30	30
Nahariya	23	17-27	26
Safed	23	17-27	26
Haifa Port	30	19-33	33
Tiberias	30	19-33	33
Nazareth	1	16-27	28
Afula	42	18-29	29
Shomron	22	16-28	28
Tel Aviv	25	19-26	26
B-G Airport	43	18-28	27
Jericho	20	20-36	36
Gaza	64	20-26	26
Beersheba	19	17-31	31
Elat	10	22-39	39

ARRIVALS

Marin Plesner, Harry Diamant, Frieder Benda, Professor Bernhard Servatius, Monika Schoeller, Rabbi Israel Miller, Vivien Clow Duffield, and Robin Hambro, for the 20th anniversary gathering of the Jerusalem Foundation.

Jerusalem Day celebrations

Today's Jerusalem Day celebrations, marking 19 years since the city was unified in the Six Day War, will feature two public assemblies and a prize-giving ceremony for high school pupils.

The ceremonies begin at 2:30 with a memorial service at the military cemetery on Mount Herzl for those who fell in the battle for the city. Vice Premier Yitzhak Shamir is scheduled to attend.

The main memorial service will be held at Givat Hatahmshet at 5 o'clock in the presence of President Herzog, Defense Minister Rabin, chairman of the World Zionist Organization Arye Dulzin, Mayor Teddy Kollek and other dignitaries.

At 6:30, prizes will be awarded to winners of a high school competition for essays on "The Six Day War and the Unification of Jerusalem," at the René Cassin High School, close to Givat Hatahmshet.

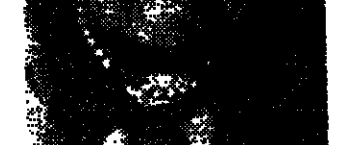
THE PRICE OF AN EYE

HAIFA (Itim). - A pupil who was blinded in one eye during a brawl at school will receive NIS 22,000 compensation from the Education Ministry, the district court here confirmed yesterday.

The court was confirming a compromise decision reached between the ministry and the 17-year-old, who was injured four years ago.

CORRECTION

The Yves Montand concert in Jerusalem on Tuesday climaxed Soviet Jewry Solidarity Month, which was organized by the Public Council for Soviet Jewry, and not as reported.



NATIONAL HEADQUARTERS INVESTIGATION DIVISION MISSING PERSONS BUREAU
The Israel Police requests the assistance of the public in its endeavours to find a missing person.

LILIAN HOOK, who left No. 39, Moshav Beit Zayit on Saturday, May 24, since when her whereabouts are unknown.

Description: Age 75, height 150 cm., build full, eyes blue, hair grey, complexion light. She was wearing a petticoat, and probably a white blouse on top, a straw hat with a broad brim, and grey slippers. She was carrying a yellow cushion.

Anyone who has any information on her whereabouts is asked to contact the nearest police station, or the Missing Persons Bureau at National Police Headquarters, Tel. 02-280423 (direct line) or 02-287111, ext. 423.

HOME AND FOREIGN NEWS

Report to Knesset committee:

Nazareth jobless termed explosive danger

Post Knesset Correspondent
Unemployment in Arab Nazareth is so high that it constitutes an immediate security, political and social danger. It is a "pressure cooker with the lid coming off," the Knesset Labour and Social Affairs Committee was told yesterday.

The speakers were respectively, Likud MK Eliezer Shostak, and Attar Katz, deputy director-general of the Employment Service.

Katz said the unemployment problem had far-reaching implications and added: "In 1980, there were only 600 job-seekers there.

Today there are 3,166. Between January and March of this year, the number of job-seekers rose 66 per cent faster than in the same three months of 1985."

The committee was discussing a motion referred to it from the plenum by Tawfik Zayyad (Democratic Front for Peace and Equality) who is also Nazareth's mayor.

Zayyad said that nearly 30 per cent of the labour force in Nazareth was unemployed, three times the national average. He complained that the town had only one employment exchange and that one National

Insurance Institute office had to serve a population of 250,000 from Nazareth and the surrounding area.

Nazareth Labour Council secretary Muhammad Abu Ahmad warned that higher unemployment had already increased prostitution and drug-taking in his town.

Abu Ahmad said: "The unemployed Arabs of Nazareth cannot help feeling that they have lost their jobs because they are Arabs. Most of them have large families of which they are the sole breadwinners."

Deputy mayor Adib Abu Rahman

said: "Because of unemployment, there are families in Nazareth which go hungry. One social worker who went out on house visits came back telling me she had found children who had not eaten for two days. If four out of every five tourists visiting Israel come to Nazareth, how is it that only one-half of one per cent of them stay overnight in our town?"

The committee was told that the director of the Government Investments Centre would visit Nazareth later this month to explore the prospect of investment that would create new job opportunities.

'Political upheaval' claimed after voting in NRP

By SARAH BONIC
TEL AVIV. - If each of the National Religious Party's chief factions' estimates is taken separately, 120 per cent of the vote for delegates to the party's convention is in. But a final date for the gathering has not yet been set.

Some NRP sources said yesterday that the convention, the first in 13 years, might be put off. It was originally scheduled for next month.

Each of the three major factions - Ze'evulun Hammer's, Yosef Burg's Lamifne group and the Matzad group has claimed 40 per cent of the vote in Tuesday's polling for the 1,000 convention delegates.

Sources in the Hammer faction insisted yesterday that it had won 38 per cent of the vote, pushing the previously dominant Lamifne faction into second place, with 32 per cent. The sources said that as a result

a political upheaval was taking place in the party. Well-informed sources gave results in the major cities as follows:

Jerusalem: 84 convention delegates, 40 to the Hammer faction, 15 to Lamifne, five to Matzad, four to the religious women's movement, and eight to Likud and Tnuva. The rest are considered to be independent.

Tel Aviv: Of 30 convention delegates, 14 to Hammer; Lamifne six; women three; Matzad, one; Likud and Tnuva, four. The rest: independent.

Haifa: 30 delegates, 14 to Hammer; 11 to Lamifne; two to Matzad; one to women; the rest independent.

Another large NRP centre, Bnei Brak, elected 43 delegates of whom 20 are reportedly from the Hammer faction; 12, Lamifne; five, Matzad;

three women; the rest independent.

Matzad claims that many Hammer faction delegates also support it ideologically, and it is therefore counting them as its own, since Matzad is mainly an ideological faction. But party insiders said that Matzad had garnered no more than 7 per cent of the total vote.

Former MK Yehuda Ben-Meir of the Hammer faction told *The Jerusalem Post* last night that his faction was now demanding that the convention be scheduled no later than the first week of July.

The problem in getting an accurate vote count is that, as distinct from past elections, the vote this time was personal rather than factional, and the claims cannot be immediately verified. Only the voting during the convention is likely to lift the fog. Party sources stressed, however, that unlike Herut, for

example, where internal elections also left uncertainty, prior to its convention, the factional identity of NRP convention delegates is generally better known and some trends can be seen.

Out of 155,000 members on the NRP rolls, some 60 per cent are said to have cast their ballots. All factions ran massive campaigns to bring voters to the polling stations, something unprecedented in internal party elections here.

The outcome is crucial in determining the party's leadership. If Lamifne has really suffered a setback, it is unlikely that Burg will accept anyone's nomination for the leadership. He has promised to resign at the convention, but at the same time announced that if "a good friend" nominated him again and if elected, he would not decline.

MIDDLE EAST

Several killed in Damascus explosion

Post Middle East Staff and Agencies
Several people were killed when gas cylinders exploded at a restaurant in central Damascus on Tuesday, Radio Monte Carlo reported yesterday.

Citing the official Syrian news agency, the radio said the blast "killed or wounded some nationals who happened to be in the restaurant or street at the time of the explosion."

Syrian media television and radio did not mention the blast.

Syria has been hit by a wave of terror attacks over the past three months which have claimed more than 200 lives. Officials have blamed Iraq, Israeli and Lebanese agents.

'Iran producing chemical weapons'

LONDON (Reuter). - Iran has started producing chemical weapons, according to an Iranian opposition newspaper quoted by Britain's *Jane's Defence Weekly*.

According to the report, an Iranian parliamentary deputy said an organization called the University Crusade, consists of about "200 graduates with at least a first degree... carrying out various experiments on such products as mustard gas and military equipment."

Iran Liberation quoted him as adding: "These products are on the production line."

Iran opens high school for pupils at the front

TEHERAN (Reuter). - Iran has opened a school in occupied Iraqi territory, Teheran Radio reported yesterday.

It said the school at Faw, a disputed oil port at the head of the Gulf held by Iran since February, offered three-month courses at different levels to help Iranian student-fighters keep up their studies.

Many of the Iranian volunteers in the Gulf war, now in its sixth year, are high school students.

Painter Aba Fenichel

TEL AVIV (Itim). - Painter Aba Fenichel died here of a heart attack yesterday and was buried in Holon. He was 79. Fenichel, who was born in Poland, came to Israel in 1948.

Katz-Oz calls for cuts in water consumption

Deputy Agriculture Minister Avraham Katz-Oz yesterday called on all sectors of the population to reduce water consumption by 25 to 50 per cent and to inform the Water Commission of any water mains leakage.

Replying to six motions for the agenda, Katz-Oz said the ministry had decided to reduce agricultural and urban water quotas by 200 million cubic metres. It would also ask the government to allocate \$25 million immediately for the production of an additional 50-70 million cubic metres this year.

Katz-Oz said that a shortage of 250 million cubic metres had been created in the past 10 years by excessive pumping and lack of funds to develop water resources.

Soviet Jews

Over 800 Soviet Jews who possess certificates of Israeli citizenship are not holding "scraps of paper," Immigration Absorption Minister Ya'acov Tsor agreed with Knesset members yesterday.

Replying to four motions for the agenda, Tsor conceded that in granting such citizenship the government had implicitly assumed a measure of responsibility for those Soviet Jews. He said the government had held a number of discussions on how to inject practical significance into this status, and promised to raise the question anew.

The motions were presented by Gula Cohen (Tehiya), Mordechai Bar-On (Citizens Rights Movement), Amira Sartani (Mapam), and Uzi Landau (Likud-Herut).

Cohen charged that the government had not taken seriously the law adopted by the Knesset in 1971 authorizing the minister of interior to grant citizenship to Jews abroad who

expressed a desire to settle in Israel and who qualified for an immigrant's visa under the Law of Return.

Bar-On noted that international law recognized citizenship granted by one nation to citizens of another state living in that other state, although the precise significance was still being shaped. The government should explore all possibilities of defending Israeli citizen Boris Chert-



nobility, who was arrested in Moscow two weeks ago.

Travel tax on yordim

Israel citizens residing abroad would be exempt from the travel levy under a bill of Uriel Lynn (Likud-Liberals) that passed its preliminary reading yesterday.

Lynn said the object of the original bill had been to deter Israelis from travelling abroad, not to punish emigrants. He noted that since the levy was enacted, the number of visits by emigrants had fallen off substantially.

Shas supports Kahane

Ya'acov Yosef (Shas) yesterday agreed with Meir Kahane (Kach) that the government's failure to act against lewd advertisements and the arrest of those who defaced them were grounds for expressing no confidence.

Hussein refused to meet Nusseibeh

By JOEL GREENBERG
Jerusalem District Electric Company chairman Anwar Nusseibeh was kept waiting in Amman for three days recently in a vain attempt to meet King Hussein and secure funds for the financially beleaguered firm, sources close to the company revealed yesterday.

The sources told *The Jerusalem Post* Nusseibeh had gone to Jordan late last month on the way back from visiting his son in Abu Dhabi. Nus-

seibeh, who is a former Jordanian defence minister, tried for three days to set up an appointment with the king, but Hussein apparently refused to meet him, the sources said.

Nusseibeh instead met Jordanian government officials, but returned empty-handed. He briefed members of the JDEC board on Tuesday.

Company workers have been on a partial strike since Sunday to protest against their not having received their May salaries.

HOME NEWS IN BRIEF

Nurses get pay hike

Jerusalem Post Reporter
A government-appointed arbitrator yesterday awarded nurses a 12 per cent salary increase retroactive to April 1. But that is unlikely to satisfy the nurses, who want more money and better working conditions, or the Treasury, which fears it will start a fresh round of wage demands in the public sector.

A few dozen nurses yesterday began an indefinite sit-down strike outside the prime minister's Jerusalem home to protest against their working conditions and low wages. Meanwhile, Kaplan Hospital's nurses began a 48-hour strike, leaving the hospital with a minimal staff, to protest against the excessive work-

Price freeze officially on till end of '86

Post Economic Reporter
A bill extending price controls for six months was approved by the Knesset Finance Committee yesterday. If the plenum approves the bill's second and third readings, controls will be prolonged until the end of 1986.

Diamonds snatched

By YORAM GAZIT
For *The Jerusalem Post*
TEL AVIV. - A bag containing \$900,000 worth of diamonds and \$1,000 cash was snatched last night from a Belgian tourist who had lost her way in Ramat Gan.

At 9 p.m., Elizabeth Aseag, 42, of Belgium, was on her way to her relatives' apartment in Holon, when she discovered that she had lost her way.

When she got out of her car near the Halacha bridge in Ramat Gan, a motorist, whom she had flagged down to ask directions from, snatched her bag and sped off.

'Mengele twins' demonstrate

Survivors of Josef Mengele's experiments on twins at Auschwitz demonstrated yesterday against Waldheim outside the Austrian Embassy in Tel Aviv. They were joined by Tehiya supporters and a number of Knesset members.



As Children's Week in Israel ended yesterday, hundreds of children of Ethiopian olim, including Rivka from Ashkelon's Sinai school, tour Jerusalem. She shows how well she and her fellows have fitted into Israeli society by wearing the "badge" of her generation - a house key around her neck.

Bank of Palestine branch in Gaza

By JOEL GREENBERG

The Gaza Civil Administration has approved the opening of the first branch of the Bank of Palestine in the area since 1967. The branch will open in Khan Younis after approval is given by the Bank of Israel.

Permission to open the branch came after initial resistance by Israeli officials. An informed source described the opening of the branch as "a gesture of flexibility to raise the quality of life in the territories."

The bank's main office in Gaza, which had been closed since the Six Day War when Egypt froze the bank's assets, reopened in 1981 after the funds were released.

The opening of the main office was preceded by prolonged negotiations and an original refusal by the military government to sanction the bank's operation which was over-

ruled by the High Court of Justice. The military government had also tried unsuccessfully to change the bank's name, and later refused to allow the bank to operate in the West Bank.

The bank's main office has been operating under supervisory regulations of the Bank of Israel, and is not allowed to deal in foreign currency. A branch of the bank operated in Khan Younis before 1967. Six Israeli bank branches now operate in the Gaza Strip.

In another development, a senior Gaza Civil Administration source said yesterday that a recent wave of violence in the strip between left-wing groups and Moslem fundamentalists had ended recently after stern warnings that wide arrests would be carried out by the military government to stop the clashes.

Lebanese migrants prefer to get paid in shekels

By DAVID RUDGE

Jerusalem Post Reporter
BIRANTIT. - Lebanese migrant workers met senior officials of the Labour and Social Affairs Ministry here yesterday and demanded that they be paid in shekels rather than Lebanese currency.

The Lebanese, many of them Shi'ites from villages close to the Israeli border said the continuing depreciation of the Lebanese lira was creating serious economic problems. Prices were rising constantly while the value of the lira was dropping by as much as one half of one per cent every day, they told the officials who were led by Labour and Welfare Ministry director-general Zvi Zilker.

They said that some shopkeepers in south Lebanese villages were reluctant to accept Lebanese currency, preferring dollars, Jordanian dinars, gold or shekels.

"Some time ago, one lira was the equivalent of one shekel. Now we pay 23 lira for the same shekel," one of the migrant workers told *The Jerusalem Post* at the "Good Fence" checkpoint near here.

The man is one of 530 Lebanese who cross the border daily to work in factories, farms or construction sites.

Whenever they can, the migrant workers try to change their shekels for dollars, which are in short supply in South Lebanon. Many purchase basic commodities, ranging from groceries to petrol, in Israel to take back home.

An-Najah University raided

By JOEL GREENBERG
Jerusalem Post Reporter

Security forces raided the campus of An-Najah University in Nablus on Tuesday night, confiscating nationalist literature and arresting 20 students, military sources said yesterday.

The sources said troops had entered the university following reports that large quantities of inflammatory material were being kept at the campus. After searches, seven bags of the material were confiscated, including leaflets calling for armed struggle, flags, documents containing nationalist slogans and

nationalist literature, the sources said.

The sources said 20 students suspected of preparing the literature and planning its distribution had been arrested for questioning.

An-Najah spokesman Saeb Erakat said 80 soldiers had entered the campus at 8:00 p.m., breaking into the student council public relations department office and the dean of student affairs' office. He said the troops had destroyed furniture, broken open cabinets and rifled through desks, taking papers, books and posters, as well as research material from an adjacent office.

We deeply mourn the passing of

MAX CHIAT

He will be sadly missed.
The funeral will take place today,
Thursday, June 5, 1986, at 2:30 p.m.,
at Zur Shalom Cemetery.

Eleanor, Benji and Shirley
Sons-in-law and daughter-in-law
Brothers and brother-in-law
Sisters-in-law, grandchildren,
and all the family

On the seventh anniversary of the death of our beloved

DAVID HERSHEL TARSHANSKY ז"ל

we will meet at his grave in the Mount of Olives Cemetery
on Yom Yerushalayim, Iyar 28 (June 6, 1986) at 11:00 a.m.

Naomi and Isaac Tarshansky
Moss Tarshansky
Pearl Tarshansky

Gorbachev calls for nuclear safeguards

Soviets extend 'dirty-zone' evacuations to Byelorussia

MOSCOW. — The Communist Party daily *Pravda* indicated Wednesday that more people were evacuated from isolated "dirty spots" of radiation contamination beyond the 30km evacuation zone around the stricken Chernobyl nuclear power plant.

The newspaper gave no figures for the number of people moved from areas of the Gomel region of southern Byelorussia, or the exact locations of the contaminated areas. But in an article entitled "A Red Line on the map," *Pravda* said a thorough review of the danger zone and areas beyond it "allowed us to make significant corrections in which people may return to some areas, but from others additional evacuations were needed."

Soviet officials said 92,000 people were evacuated from an area 30 km around the power plant after the April 26 explosion and fire at its no. 4 reactor. The four-reactor power station is 80 miles (128 kilometers) north of the Ukrainian capital of Kiev. The Soviet Union's third largest city with 2.4 million people.

About 300 severely ill people were brought to Moscow after the disaster. It is not known how many others are hospitalized outside the capital.

Wednesday's *Pravda* indicated that the danger zone drawn around the Chernobyl plant had become less precise than the exact 30 km radius established earlier, at least in Byelorussia to the north of the plant. The border of the danger zone was known to extend into the southernmost areas of Byelorussia.

The report also said produce being raised on the private plots of farmers in the southern Byelorussian region was being purchased by the state so that thorough checks on its safety could be carried out. Produce found to be contaminated will be distributed to state food stores for sale, and items found to contain hazardous levels of radiation will be buried, *Pravda* said.

Some wells in the area have been closed and others have been cleaned, the newspaper said, and new artesian wells are being drilled to replace those that were sealed.

Ukrainian and Soviet officials have said that groundwater in the accident area was not contaminated. Media have reported in the past that wells were closed, without specifying why.

Deputy-Premier N. Mazai told *Pravda* that 60,000 children had been evacuated from the "dangerous zone" and also that a "significant number" of children from Byelorussia had gone to summer camps in other republics. Officials have previously reported the evacuation of children in the Ukraine, mainly south of Chernobyl.

Pravda's report was the first mention of a big move from Byelorussia, which lay in the path of winds that blew radiation northwest from Chernobyl in the days after the reactor exploded.

An earlier report from Byelorussia, printed in *Izvestia* on May 19, said 26,000 people had been evacuated from the zone of "highest radiation" in the south of the republic.

Yesterday's report described measures including warnings to the population not to eat local produce and the provision of hermetically-sealed tractor cabs for work in dangerous areas. It also described a war being waged against dust on the roads, "the most active carrier of radiation."

In London a leading medical expert said yesterday Soviet doctors are thinking of setting up a bone-marrow transplant clinic in the Soviet Union following experiences with the Chernobyl nuclear disaster.

Dr. John Goldman, a British expert in bone-marrow transplants, said a trip to Moscow by Western doctors to help treat radiation victims had prompted a productive East-West dialogue in the medical world.

Dr. Robert Gale, the world's top expert on the bone-marrow procedure, travelled to Moscow from the U.S. with a team of experts a week after the April 26 disaster to perform transplants on radiation victims.

Twelve of the 19 radiation victims to have received bone-marrow transplants in the Soviet Union have died. Gale, who teaches and researches at the University of California, said they had absorbed too much radiation for the operations to work.

Radiation can destroy marrow, the substance within bones which produces many components of blood and the immune system, causing death from bleeding or infection.

At U.N. headquarters in New York City, Soviet leader Mikhail Gorbachev appealed to the U.N. Tuesday to create an international safeguard system to prevent disasters like the Chernobyl nuclear accident.

In a message to U.N. Secretary-General Javier Perez de Cuellar, Gorbachev also urged that all states agree on measures to prevent nuclear terrorism. He said 42 cases of sabotage against nuclear facilities have been registered in the West.

The message, delivered orally by Soviet U.N. Ambassador Yuri Dubinin, was an elaboration of Gorbachev's May 14 television address, deemed to a domestic audience.

By going to the world community, Gorbachev was seen as underscoring the seriousness of his proposal for an international early warning system.

Gorbachev added urgency to his original proposal, "It is quite obvious that there is a practical need to start, without delay, setting up an international regime for the safe development of nuclear energy," he said. "Such a regime would be aimed at bringing to an absolute minimum a possibility of the peaceful atom causing harm to people."

The Soviet leader suggested the safeguard system be codified in one or more international conventions and that existing agencies like the International Atomic Energy Agency, the World Health Organization, the U.N. Environment Programme and the World Meteorological Organization be used to strengthen safety measures for nuclear reactors.

On nuclear terrorism, Gorbachev said: "One cannot but feel concerned by the facts of purposely inflicted damages to nuclear power enterprises, which have taken place in the West. Thus, for example, 32 such cases were registered in the U.S. from 1974 to 1984. Ten attacks on different nuclear facilities were undertaken in Europe from 1966 to 1977."

Because of shortcomings in existing systems to prevent theft of highly enriched fissionable materials, he said, "there is an imminent need for an elaboration of a reliable system of measures to prevent nuclear terrorism in all its manifestations." (Reuters, AP)

U.S. Chamber of Commerce in South Africa backs defiance of apartheid laws

JOHANNESBURG (AP). — The American Chamber of Commerce in South Africa has suggested that member companies defy apartheid laws governing the lives of their black work force.

The Chamber confirmed on Tuesday it sent a set of proposals last month to some 300 member companies doing business in South Africa. A cover letter said the Chamber is not requiring members to impose the proposals, but asking companies to consider doing so.

The proposed actions amount to a sweeping challenge of several principal tenets of apartheid policy on housing, business, health and black movement. Until now, the Chamber has issued protests against apartheid and encouraged affirmative action, but never before has it suggested defiance of segregation laws.

Among the suggestions were that companies:

- "Encourage the slow movement of blacks" into white residential areas, which would be in direct defiance of neighbourhood segregation laws;

- Devise alternative housing in black areas, such as controlled squatting, to counter overcrowding in official housing, "and not necessarily to await administration board approval" for such alternative plans;

- Refuse to register their black workers under "influx control" laws restricting the right of blacks to live and work outside the 10 tribal homelands;

- Pay the legal costs of anyone charged with violation of influx control laws or any laws put forward as a substitute control system following the repeal of the laws, proposed by the white-led government last month;

- Give long-term contracts to migrant workers and not one-year contracts allowed under law, and arrange permanent housing for migrants and their families. Most migrants leave their families behind in the homelands while they work in the cities.

- Organize "front" licences for blacks who want to set up businesses in white areas where apartheid laws bar blacks from operating, and make funds available for prospective black businessmen even if they don't have proper permits.

- Encourage integration of private schools, and even work to "integrate white state schools" despite the government's firm pledge never to allow such integration.

The London Observer Service reports from Sydney that Australia is considering a review of its South African aid programme which could make it the first Western country after Scandinavian nations and Holland to give assistance to the African National Congress.

The process started some time ago, but the raids on three fellow Commonwealth countries — Botswana, Zambia and Zimbabwe — have only added impetus to the ANC lobby movement.



Uruguay's Antonio Alzamendi leaps over German goalie Harald Schumacher and scored the first goal of the World Cup game yesterday. (More sports news — page 6) (Reuters telephoto)

Tamil separatists attack army camp

COLOMBO. — Tamil separatist guerrillas attacked a major army camp at Kilinochchi in northern Sri Lanka yesterday, but were driven off after an hour-long battle, the government said.

But several residents of Jaffna, 140 km. north of Kilinochchi, reported that the rebels had isolated the army camp by blowing up three road bridges, and that the battle was still under way yesterday afternoon. All land routes for reinforcements and supplies were cut off, they said.

Meanwhile, in Colombo, police announced yesterday that a 13-year-old Tamil girl had been arrested for making a telephone bomb threat that caused chaos in the capital, sending 213,000 students rushing home in panic on Tuesday. (Reuters, AP)

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dried fruit by weight	Prices valid until 6.6.86
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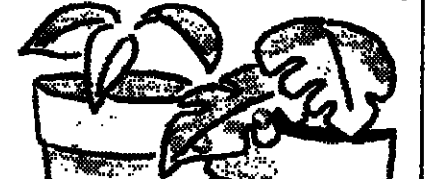
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FOREIGN NEWS IN BRIEF

Aids victim tot quits Aussie "persecution"

SYDNEY (Reuters). — Three-year-old Aids sufferer Eve Van Graffhorst left Australia with her family yesterday to seek a life without persecution in New Zealand.

Living in what they called "hostile social exile," Eve had been banned from her local nursery school, ostracized by neighbours' children and her family forced to move to a new Sydney suburb. This was despite assurances from health authorities that the child, who contracted Aids from blood transfusions at birth, was not a health risk.

Escaped convict drugged guards with sweets

NEW DELHI (Reuters). — Asia's most wanted criminal, Charles Sobhraj, escaped from an Indian jail because he feared extradition to Thailand and planned to settle in South America, police said yesterday.

Thailand's request for Sobhraj's extradition on charges of murder and attempted murder, pending since 1976, had been granted by a Delhi court last December.

Sobhraj, who strolled past guards he drugged with sweets, travelled 2,000 km. southwest to the beach resort of Goa before he was recaptured with British accomplice David Hall on April 6.

Du Pont readies for plastic car in 1990s

TROY, Michigan (AP). — Du Pont, the biggest U.S. chemical company, said on Tuesday it was centralizing the management of its automotive business to prepare for production of a largely plastic car in the 1990s.

By placing most of its \$2 billion-a-year automotive business in a single division, Du Pont is positioning itself to be a major supplier to General Motors, Ford and Chrysler in the "evolution towards a new type of car with Du Pont polymers as components," said Edgar S. Woolard Jr., Du Pont vice chairman.

Elements of the switch to cars with a high proportion of plastic to metal likely will be in place by 1990, Woolard predicted, adding: "It depends upon how quickly we can persuade our customers to move in that direction."

Europe's biggest heroin haul made in Rotterdam

ROTTERDAM (Reuters). — Dutch police said yesterday they had made Europe's biggest heroin seizure after finding 220 kg. of the drug in the port of Rotterdam.

The haul, worth 50m. guilders (\$20m.) at Dutch street prices, was found a week ago and put on display to reporters yesterday after the news leaked out against police wishes. No arrests have been made yet.

Pet cat in \$80,000 credit card fraud

HUTCHINSON ISLAND, Florida (AP). — A woman and her two children have been charged with running up more than \$80,000 in bills for airline and cruise ship tickets on two phony credit cards, including one issued in the name of their cat.

Gloria Morelli, 50, her son John and daughter Robin Malik were charged Tuesday with credit card fraud.

One of the cards was in John Morelli's name while the other card was issued to the mysterious Gayle R. Shamoo, a U.S. secret service agent said. "As far as we can tell, there is no Gayle Shamoo," he said. "Shamoo is the name of Morelli's pet cat."

Koreans unveil movie-pirating VCR

CHICAGO (AP). — The Korean electronics giant Samsung is showing a demonstration model video recorder that allows users to copy tapes, rekindling a controversy over the ease with which such a machine could be used for pirating movies.

"Samsung officials say the dual-deck machine, which allows copying of a half-inch VHS cassette onto an 8mm. cassette and vice versa, is only a demonstration model and that the company has no plans for shipping it from Korea."

"We're showing it to get the market reaction," said Donald Kobes, an official with Samsung Electronics America, as people gathered around the machine during the annual consumer electronics show here. "There's no question the American public likes to see it."

Siblings win design for court building

By ABRAHAM RABINOVICH
Jerusalem Post Reporter

A low-rise approach has won a brother and sister architectural team from Tel Aviv, Ram Karmi and Ada Karmi-Melamede, one of the most coveted architectural projects in the country's history — the design of the Supreme Court building.

The Karmis were yesterday declared winners of the competition for the assignment by an international panel of judges. They were chosen from 130 entries, twice as many as have ever participated in an Israeli architectural competition. Three of the entries were solicited from distinguished foreign architects.

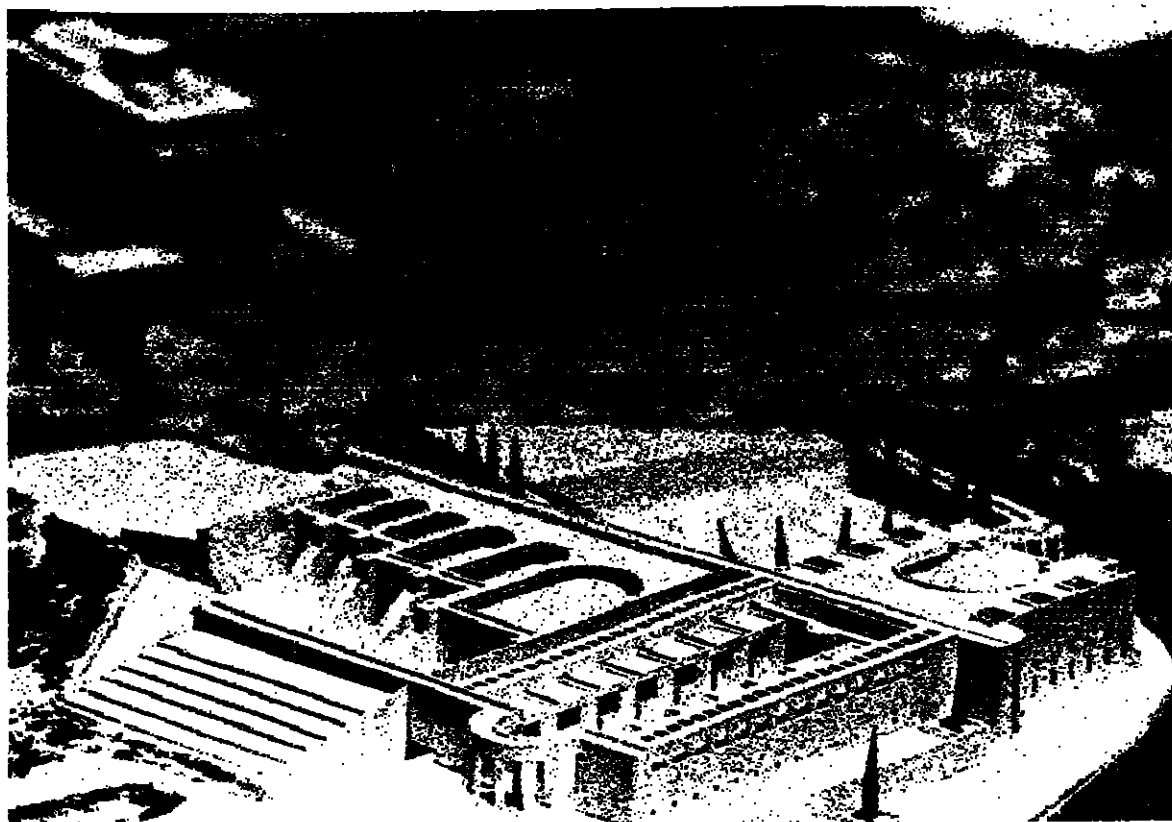
The building is to be constructed on a 10-dunam tract on the crest of the hill above the Knesset, a site presently occupied by a helicopter pad.

Announcing the winning entry yesterday, the Rothschild Foundation, which is undertaking the financing and execution of the project, pointed out that the contest had been aimed at choosing an architect, not a specific design. The proposal made by the Karmis will therefore serve only as a basis for discussion between the architects and the clients — the Rothschild Foundation and the Supreme Court — towards a final design.

A foundation official said yesterday that groundbreaking should take place within a year or 18 months. Construction should take another two-and-a-half years.

Since the founding of the state the court has been located in crowded premises in a century-old building in the Russian Compound in downtown Jerusalem.

In interviews yesterday, members of the judge's panel praised the Karmis for dealing "respectfully" with the site. It was, they acknowledged,



Model of the new Supreme Court building. The Bank of Israel is seen in the upper left corner. (Tetelbaum)

a difficult site dominated by a commercial building — the Hilton Hotel — surrounded by unorganized open space and somewhat distant from the building it was supposed to relate to, the Knesset.

Instead of attempting to command the area with a high-rise structure, the architects propose a building complex that is no more than three stories high. It is a "Jerusalem building" in its use of massive stone walls which are seen by the architects as offering a sense of protection against outside influences to those coming to the court to seek justice. The building's six adjacent courtyards are closed off in the Karmi proposal by one such exterior wall, with natural lighting coming in only through the roof. Three of these courtyards are small spaces suited for hearings in chambers by single judges.

Ram Karmi, one of the country's most prominent architects, was the Housing Ministry's chief architect in the early 1970s when he had a strong

influence on design in the country. Ada Karmi-Melamede, in addition to being a practicing architect, has taught architecture at Columbia and Yale.

Supreme Court Justice Meir Shamgar established contact with the Rothschild Foundation after becoming court president. In December 1984 89-year-old Dorothy de Rothschild of London wrote to Prime Minister Peres expressing the foundation's readiness "to fund the entire cost of the new court's planning, development, construction and equipment." Peres accepted the offer in a handwritten letter presented to Mrs. Rothschild by the Israeli Ambassador in London, Yehuda Avner. The offer was conditional on the foundation being given executive responsibility to oversee construction of the building, and on its being sited near the Knesset whose construction was financed by Mrs. Rothschild's late husband, James.

The foundation originally intended to invite a number of renowned architects from Israel and abroad to participate in a limited competition. But at the request of the Israeli architectural community, it shifted to a multi-stage competition. The first stage, open to all Israeli architects, drew 174 entries. Four winners were chosen. These joined in a second stage with six "name" architects: three from Israel — the Karmis, Moshe Safdie, and Ya'akov Richter — and three from abroad — Richard Meier and James Freed of the U.S. and Ricardo Legorreta of Mexico.

In the third and final stage, the judges interviewed four finalists. These were the Karmis, Freed, David Shalev and the Jerusalem firm of Amir and Opher Kolker and Randy Epstein.

Chairman of the panel of judges was Prof. William N. Lacy, president of the Cooper Union in New York.

From boy babies to 'obscene' posters

By HAIM SHAPIRO
Jerusalem Post Reporter

As soon as an infant is old enough to start "touching himself," his mother should cover him and diaper him tightly to keep him from "evil ways," according to an influential member of the Eda Haredit, the ultra-Orthodox group which has clashed with the police over "lascivious posters," in Jerusalem and throughout the country.

The violent Orthodox campaign against the posters has resulted in a growing number of arrests, with the ultra-Orthodox claiming that they want to overcrowd the prisons. Now, they say, they are going to have the elderly join in their deliberate law breakings.

"Shmuel" was unwilling to allow his real name to be published in *The Jerusalem Post*. "As soon as someone seeks publicity outside, he loses all his standing with us," he said, citing the case of a noted rabbi who was no longer influential because his name had appeared in the "secular" press.

Explaining the operation, which began with the burning of bus shelters over "obscene" posters, Shmuel said that the "lascivious" of the posters was tantamount to prostitution. "It is just like murder."

"You know that football player, the one they said did all those things? I don't even want to say the word." (He was referring to an alleged rapist.) "Well they should take the woman who posed for the picture that led him to such things and put her in prison."

"When a woman exposes herself, it is prostitution," he said, and that "exposure" relates to such things as bathing suit and brassiere advertisements. But lewdness, he added,

could also be expressed in the pose on the advertisement, a woman with a man, for example. Shmuel admitted there might also be suggestive advertisements showing men alone, but he seemed less sure on this point. He did admit a woman appearing on a poster was not enough on its own to make the advertisement objectionable.

The ultra-Orthodox community had only now begun to act against such advertisements, he said, because they were a relatively recent phenomenon. Poster Media, the firm which has put up the controversial bus shelters, only began the operation two years ago.

"They put one right in the middle of Mea She'arim," he said with indignation. "A Jew is forbidden to sit in a bus shelter like that!"

"The obscene poster may show a woman like this, and a man like this; or a woman with an expression of fear. The rebbe has explained to us that such pictures give one thoughts of sin, and that is even worse than the sin itself."

The rabbi he was quoting is Rabbi Israel Fisher, a member of the Eda Haredit's rabbinical high court.

But, aside from the campaign against the posters, Shmuel is far from happy about the violence of the ultra-Orthodox community. "The problem is that no one is in charge and the youngsters run wild."

He himself has, on occasion, dispersed a band of stonethrowing children, merely by threatening to tell their *melamed* (teacher) of their actions. But he would not do that on a regular basis for fear of getting involved with the police.

He cites the case of a friend who was held in the lockup on the night of the Passah seder on the basis of a

"secret" police document, which his friend's lawyer was unable to see. The friend, father of eight, had not even been able to drink the wine brought in for him, because no glass bottles were allowed in the lockup and the wine had been poured into a pitcher, thus rendering its *kashrut* suspect in his eyes.

"Shmuel" is no supporter of Jerusalem Mayor Teddy Kollek, but he says that Kollek "has done more for religious needs than they do in Bnei Brak. Teddy gets along better with us than with Agudat Yisrael," he added.

As to the claim by Agudat Yisrael leader Menachem Porush that Porush, too, would paint over "lewd" posters, "Shmuel" only sneered. "Don't hold your breath. They sold out long ago."

He holds that the State of Israel "is a punishment. We pray for its destruction, but it should be without bloodshed." Yet, though he would never serve in the army — he would flee the country before doing so — he has a certain admiration for the IDF. "There's something to it, it's just that I oppose it on religious principles."

He repeats the ultra-Orthodox view that the community contributes to defence by studying. "It was only when the yeshiva students went back to their studies (following the recess for the High Holidays and Succot) that Kissinger came and the boys stopped dying," (after the Yom Kippur War).

"Shmuel" senses the animosity towards his community, but he claims that the non-religious need the ultra-Orthodox. "If they didn't have the Geula neighbourhood to show the tourists, the whole economy of the state would collapse."

Porush: Police had bus stop ad removed

By ASHER WALLFISH
Post Knesset Correspondent

Aguda MK Menachem Porush told *The Jerusalem Post* with a beaming smile yesterday that Police Inspector-General David Kraus had promised to have "a lewd bus stop advert" removed within two hours from Jerusalem's Jaffa Road.

Earlier, Porush told a radio interviewer that he would personally remove or deface the advertisement at a stop opposite the old Shaare Zedek hospital.

Porush told *The Post*: "I phoned Kraus after the radio interview and he said he would check into my problem, since I was upset. Then Kraus phoned me back and said the ad would not be there any more by mid-afternoon."

Later, flanked by local and foreign journalists, Porush went to the bus stop and found the poster had been removed.

Porush added: "MK Shulamit Aloni (Citizens Rights Movement) has told me she supports my objections to such ads." While he spoke, Likud MK Uriel Lynn came up and congratulated Porush on his firm stand.

Porush said: "When the cinemas show what I consider to be obscene posters in their display windows, it doesn't matter so much to the ultra-Orthodox community because we don't go to the cinema anyway. But when we wait for a bus we have nowhere else to stand but at a bus stop, and we have nothing to look at but lewd and shocking ads."

In a comment on Porush's radio interview, Likud MK Ovadia Eli, who is also mayor of Afula, told reporters that Porush's motives did not interest him and that no citizen had the right to take the law into his own hands.

Eli said: "We must eradicate all manifestations of vandalism and of the destruction of public property." At the same time, Eli said he had approached the director-general of the Jerusalem municipality and had asked him to take account of public susceptibilities. He had stressed that "provocative publicity is superfluous when it comes to selling a quality product."

According to Eli, the reply was that the council was coming around to the same position and intended to take action on controversial bus stop advertising.

Yeshiva students 'show no concern for Jewish world'

By HAIM SHAPIRO
Jerusalem Post Reporter

Thousands of young men study in yeshivot in Israel today, but the yeshiva-world shows virtually no concern for the Jewish world, according to Rabbi Yehazkel Fogel of Ariel, in the Bayit Vegan quarter of Jerusalem.

Fogel, who is presently organizing a course for rabbis to serve communities in Western Europe, would be happy if a *minyan* of yeshiva students signed up. A *minyan* of six is needed to hold the course and he is not at all sure that there will be that many.

According to Fogel, Ariel is the country's prime source of community rabbis, IDF chaplains and *dayanim* (rabbinical court judges). The course Fogel is organizing is at the

behest of the Conference of European Rabbis, which is concerned about a growing lack of rabbis at a time when even a city such as The Hague is without a rabbi, let alone outlying communities.

In contrast to the standard yeshiva programme, which is limited almost exclusively to Talmud, Fogel's programme is to include Bible, public speaking, community relations and psychology. Special courses are to deal with relations with non-Orthodox groups and non-Jews.

Ideally, students at the new course will come from among the dozens of young men from Western Europe presently studying in Israeli yeshivot. Eventually, its programme will also augment the studies presently offered in Britain's Jews College and in rabbinical seminaries in France

and Italy.

The urgent concern today, Fogel said, is to supply spiritual leadership for the German-speaking countries and Scandinavia. Students from those countries would be preferred, but, if necessary, Fogel's programme would provide instruction in the languages of the various countries.

It won't be easy. Former IDF chief chaplain Mordechai Piron, now chief rabbi of Switzerland, didn't get one response to advertisements for candidates that he had placed in the German-language Jewish press.

In Israel, Fogel says, the better students set their sights on becoming *dayanim*, which demands little personal involvement, a set number of hours a day and few worries. Apparently, the dangers facing the Jewish world do not affect them.

And if it is difficult to find prospective rabbis for Western Europe, Fogel throws up his hands entirely when it comes to Eastern Europe, and even those Soviet bloc countries which would allow an Israeli rabbi to practise.

"The problems of finding a rabbi willing to take his family into such an environment are simply insurmountable," he says.

name for what she did. She called it "performance art."

By the mid-70s, a lot of visual artists had caught on to her idea of performing. It meant getting up in front of gallery audiences (and, not insignificantly, collecting money for tickets) and performing the art. Often they would end their pieces with some apocalyptic chaos or a



picture of a mushroom cloud or a well-known assassinated politician.

But her imitators soon lost their cultural chic, and performance arts in gallery spaces soon became unfashionable. While they dealt in clichés, she dealt in the real stuff. When they spoke their lines, it sounded like teenage poetry. When she delivers hers, words such as "freedom" and "discipline," "awe" and "irony" reassert their meanings.

An ensemble gravitated towards her including actors, dancers and pianists, whom she calls keyboard people. Opera singers began taking an interest. So did theatre people. Her a cappella songs, her "invoca-

tive" pieces, began to spill over into other media.

Some see her influence in the rock videos of high tech culture. Others, in the extravaganzas of show business in the '80s. Without Meredith Monk to show the way, Laurie Anderson might have become a high school violin teacher. New York producer Joseph Papp says it will be impossible to write a history of 20th century culture "without Meredith Monk."

And this week she's in Israel, performing in Caesarea and Jerusalem. Her show is a lesson in the cultural history of the West in the last two decades.

Eliminating the barricades between the arts

By ROBERT ROSENBERG
Jerusalem Post Reporter

A small, sharp-nosed, slightly cross-eyed dandy of a handsome woman named Meredith Monk may, arguably, be responsible for a lot of the way-out stuff seen on the stage nowadays.

More than 20 years ago, she was a dancer with an idea that she calls "eliminating the barricades" between the arts. It was unpopular in the artistic corner of show business but she's proved it a good idea for the last 22 years.

She started with dance and added song. Then came theatre, visuals and some movie clips. Nobody had a

name for what she did. She called it "performance art."

By the mid-70s, a lot of visual artists had caught on to her idea of performing. It meant getting up in front of gallery audiences (and, not insignificantly, collecting money for tickets) and performing the art. Often they would end their pieces with some apocalyptic chaos or a

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Mount Carmel residents battle building of memorial

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA. — Residents of Sderot Hana-div on Mt. Carmel have started a campaign to stop construction in their street of a Yad Labanaim Memorial Centre for the city's fallen.

The municipality started the building after construction of the original centre, partially completed on the French Carmel, was stopped over five years ago because of a dispute with the architect. The city had spent \$1.8 million on the original and will spend an estimated \$3m. at the new site.

"We are forced to fight against Yad Labanaim, an organization we all honour," resident Sam Frydman told *The Jerusalem Post*. "After all no one in Israel is immune to a son falling in the defence of the country. But we object to the great waste of public money in building a second centre and to the ruin of our avenue, one of the quietest streets in Haifa."

Frydman added that neighbours had engaged a lawyer to look into stopping the building by legal means.

Frydman said that with such "unjustified spending of public money" it was "no wonder that Haifa rates are so high," and added "the whole city should be yelling foul."

The centre is to include a 200-seat auditorium, but will have parking space for only 26 cars according to the plans. This will mean that either the centre will be empty or traffic will be backed up, he said.

The avenue has two narrow traffic lanes with a wide strip of trees and greenery separating them. "We fear

that they will have to be torn down to accommodate the increased traffic. We also fear that there'll be no room for the residents' cars, and that the nature of the avenue will be ruined," Frydman said.

Frydman conceded that plans for the building had been approved by both the local and district planning commissions, but claimed that since the city had received permission not to submit detailed plans, "we did not get the customary 60-day period to object."

City spokesman Yossi Bar responded that the outlay for the new building had been approved both by the Interior Ministry and the attorney-general.

"We have been under strong pressure from Yad Labanaim to build the centre, as Haifa is the only large city without one, and we owe it to the bereaved families," he said.

He added that the new building would also include a community centre. "The traffic problem will be solved," he added.

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Knesset panel vetoes change in army reform bill

By ASHER WALLFISH
Post Knesset Correspondent

The House Committee on Tuesday blocked a proposal to eliminate the institution of "endorsing authority," under which a senior army commander can overturn the sentence of a military court.

The coalition voted down a draft alternative amendment to the

second reading of the Military Justice Law that had been tabled by Yossi Sarid (Citizens Rights Movement). The second reading will be held later this month.

Defence Minister Yitzhak Rabin is known to have warned key members of the Knesset Foreign Affairs and Defence Committee that any attempt to amend the Military Justice Law, which aims to reform the

entire system of army justice, would cause the government to withdraw the bill altogether.

In presenting his amendment, Sarid cited eight cases from 1984 and 1985 concerning offences of a non-military nature such as theft, taking bribes and indecent acts, in which a senior commander had restored the convicted officer's rank after the court had stripped him of it.

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9 p.m. — The Kibbutz Dance Group

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- ★ Stage and screen acting

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TODAY'S ACTION

French scouting report: Soviets are fast, deadly

GUANAJUATO. (Reuter). — France declared their admiration for the Soviets, their next World Cup Group C opponents.

"The Russians are impressive that's for sure, collectively and individually they played an extraordinary match," said central defender Maxime Bossis at the French team base after watching on TV the 6-0 Russian victory over Hungary.

Bossis, playing in his third World Cup, continued, saying it remained to be seen if they are exceptional or if Hungary simply weren't up to scratch.

France's clash with the Soviet Union today in Leon, 60 kms away, would be difficult, Bossis said.

Bossis said he was impressed by the speed of the Soviets and their ability to strike as soon as they found an opening.

"The heat and the altitude did not seem to trouble them much," he added. France would have to be on

top form against them.

Hungary had conceded early goals and could not get back into the match. "But you can't judge them. They could not free themselves after being down 3:0 at half time," he said.

Midfielder Luis Fernandez said he was impressed with the physical attributes of the Soviet team and their efficiency.

"It will be a difficult match, but we are not afraid of the Russians because they won 6-0," he said.

France would have to give the Soviets less space than Hungary did. "For us, it will be a good test to play against them because they're a good team," he said.

"You can begin a competition very strongly or you can have a difficult start but you can progress," he continued, contrasting the Soviet victory with France's shaky opening — a meagre 1-0 win over outsiders Canada in Leon on Sunday.

Magician meets marksman

PUEBLA, Mexico (Reuter). — Argentina's little magician Diego Maradona and Italy's deadly marksman Sandro Altobelli play vital roles here tonight when their teams meet in a game which could provide the best pointer so far to the ultimate World Cup winners.

Both players have stamped their class on the tournament after only one game.

Maradona had a hand in all three goals which crushed South Korea and Altobelli superbly scored his side's only goal in the draw with Bulgaria.

Maradona was frequently fouled by the tough South Koreans but kept his temper and gave a sparkling display of shooting and dribbling power.

The defending champions' manager Enzo Bearzot admitted to reporters yesterday that Maradona would be hard to contain in the Group A match.

"Stars like Maradona are always dangerous. He can move around so much," he said.

However, Bearzot, in keeping faith with the team that should have beaten Bulgaria, has an experienced defence, including three players from the 1982 team.

Argentina have Daniel Passarella, their 1978 Cup team captain, back in the side after a recurring stomach ailment kept him out of the opening game.

And Maradona will provide a dangerous twin spearhead with Real Madrid striker Jorge Valdano, who scored two goals in the 3-1 win over South Korea.

Shaking off a nightmare

MEXICO CITY (Reuter). — Bulgarian manager Ivan Vutsov has more than just a patriotic interest in seeing his country score their first ever

Mexican euphoria leads to violence

MEXICO CITY (AP). — Scores of persons were arrested and at least ten injured early yesterday when police broke up an unruly demonstration of soccer fans celebrating Mexico's 2-1 victory over Belgium Tuesday in World Cup Competition.

A police dispatcher said, "At least 100 persons were arrested" when police broke up the demonstration at the independence monument circle on Reforma Avenue, near the city's tourist district pink zone.

Manuel ends England's run

MONTERREY, Mexico (Reuter). — Carlos Manuel, the veteran Benfica midfielder who scored their dramatic qualifying goal against West Germany last year, again provided the decisive strike in Portugal's opening World Cup match against England here Tuesday.

The balding, moustachioed Manuel, who had twice threatened to open the scoring, struck in the 75th minute when he converted a cross by Diamantino to give Portugal a 1-0 victory.

Manuel's goal against West Germany last October in Stuttgart had inflicted a first-ever qualifying defeat on that country and secured them into the finals ahead of Sweden.

The defeat ended a year-long run of success for England who had won

their previous six international matches and it left them at the bottom of Group F following the 0-0 draw between Poland and Morocco.

The goal came when Diamantino outpaced many Soviet players on the right and caught the English defence flat-footed. His low cross arched to the far post where Manuel had timed his run perfectly to sweep the ball high into the net past Peter Shilton.

But it was hardly a fair reflection of the play. England after making a cautious opening, had dominated the second period and were unlucky not to score on several occasions, particularly through striker Gary Lineker and captain Bryan Robson.

Lineker, on one occasion, ran on a pass from Terry Butcher, but his shot was blocked by Manuel's goalkeeper.

Another photograph was taken at a city hospital with severe head and arm contusions.

Boris falls to Pernfors

PARIS (AP). — Mikael Pernfors, an unseeded Swede, yesterday upset third-seeded Boris Becker of West Germany 2-6, 6-4, 6-2, 6-0 to advance to the semifinals of the French Open against the last hope of France, Henri Leconte.

The No. 8 seed, Leconte won his quarterfinal match over Andrei Chesnokov of the Soviet Union 6-3, 6-4, 6-3, using an aggressive serve-and-volley game.

"I went very often to the net," Leconte said.

Aga Khan's Shahrastani wins Epsom

EPSOM, England (AP). — Shahrastani, owned by the Aga Khan, trained by Michael Stoute and ridden by Walter Swinburn, held on over the final half furlong to win the 207th running of the Epsom Derby yesterday.

It collected the £239,260

(£358,980) first prize for winning the one and a half mile (2.4 kilometre) English classic.

Hot favourite Dancing Brave, owned by Saudi Arabian Prince Khalid Abdulla, trained by Guy Harwood and ridden by Greville Starkey, was second.

Celtics on verge of 16th NBA title

HOUSTON (AP). — Larry Bird, quiet for most of the second half, hit a three-point shot from the top of the circle with 2:26 left, to give Boston the lead for good, and the Celtics pulled within one victory of their 16th NBA title with a 106-103 victory over the Houston Rockets Tuesday night.

The Celtics take a 3-1 lead in the best-of-seven championship series into the fifth game at the Summit tonight.

No team has ever come back from a 3-1 deficit in the finals, although it

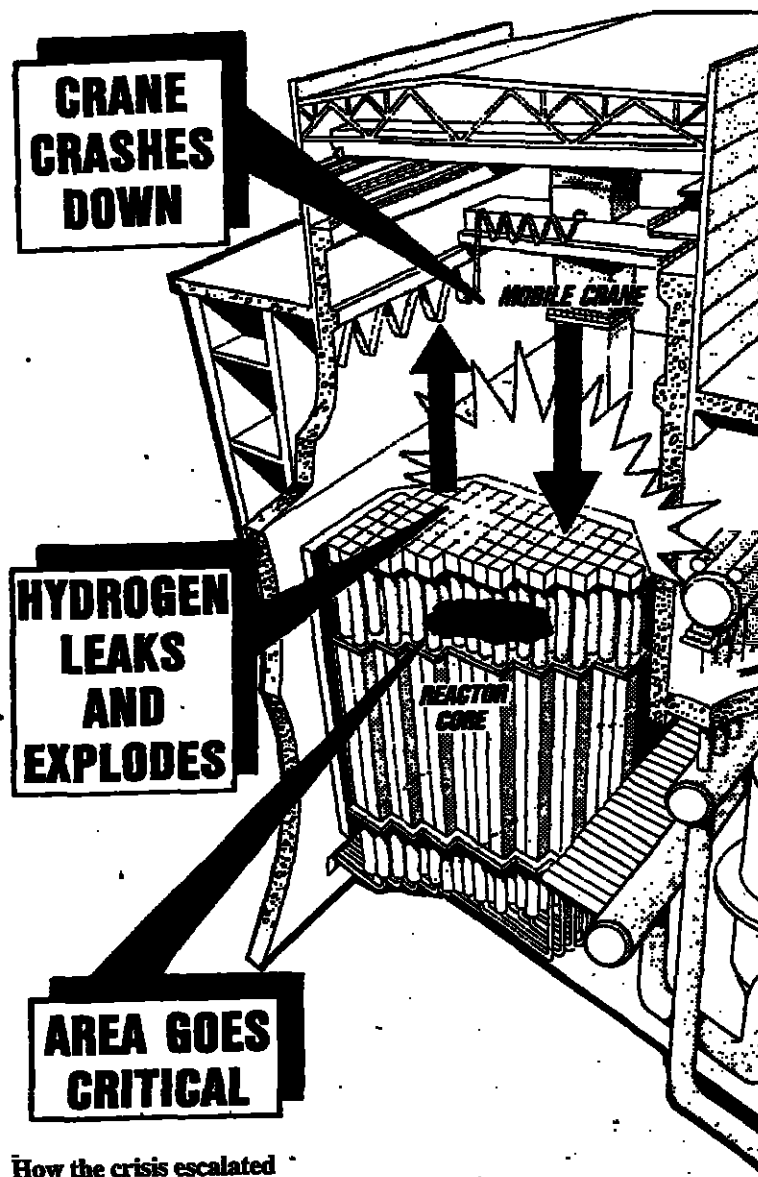
has happened four times, in earlier playoff rounds.

Bird scored only seven of his 21 points in the second half. Dennis Johnson and Robert Parish led Boston with 22 points each while McHale had 19. Ralph Sampson had 28 points, Akers Okajima 20 points and 14 rebounds and Robert Reid 15 points for Houston.

Baseball results

NATIONAL LEAGUE: Tuesday's games — San Francisco 7, Montreal 6; San Diego 5, New York 4; Los Angeles 11, Philadelphia 4; Cincinnati 5, Chicago 3; Atlanta 8, Pittsburgh 5; St. Louis 10, Houston 4.

AMERICAN LEAGUE: Tuesday's games — Toronto 6, Minnesota 5; Baltimore 4, Seattle 2; Boston 5, Cleveland 1; Texas 4, Chicago 1; Kansas City 4, Milwaukee 1; Oakland 6, Detroit 4; California 4, New York 2.



The chain reaction that rocked Chernobyl

GEOFFREY LEAN/London

SIMPLE HUMAN error was responsible for the Chernobyl disaster, Soviet and international nuclear investigators believe.

An operator's mistake — in the positioning of rods used to keep the nuclear reaction under control — led to a chain of events which caused a 200-ton crane to crash on to the intensely radioactive core of the reactor — and the world's worst disaster in a nuclear power plant.

The investigators are just beginning their work and refuse to speculate in public on the cause of the catastrophe. But they are privately building up a picture of what they believe happened.

Just after midnight on the morning of Saturday, April 26, the No. 4 reactor at Chernobyl was idling at 7 per cent of its normal power. It was effectively shut down for maintenance, but it had to be kept going at this level to prevent the build-up of radioactive gas that would delay its re-start.

At precisely 40 seconds past 1:23 a.m. — without any warning — the power in the reactor suddenly surged from 7 per cent to half its normal level. The investigators believe this can only have happened through an

operator altering the position of the control rods.

This is a particularly perilous undertaking on a Russian RBMK-1000 reactor like Chernobyl, experts say, because the nuclear reaction in the core (which is 40 feet across) is very delicately balanced, particularly at such low power levels.

The investigators think the operator pulled out some control rods and upset this delicate balance.

Alarmed, he moved some more rods to try to get the situation back under control — and this caused part of the reactor to "go critical."

The runaway section, near the top of the reactor core, rapidly heated up. This caused the uranium fuel and its zirconium containers to become dangerously hot. Normally the containers are cooled by water, but as they became extremely hot the zirconium, a metal, reacted with the water to produce hydrogen.

The hydrogen leaked into the giant hall above the reactor core and exploded.

A 200-ton mobile crane used to refuel the reactor, which was suspended above the core, crashed down on it, causing enormous damage. Fire broke out in the reactor

hall, and a second fire ignited huge blocks of graphite in the core itself.

Firemen struggled to put out the fire in the reactor hall, which threatened to spread to a second reactor next door, causing an even greater catastrophe. Within 90 minutes they had put it out, at great personal cost. Many of the firemen are among the 19 who have died so far.

THE FIRE in the graphite was much harder to control. A video taken a day after the accident shows a quarter of the core as red hot — "grilling like a charcoal fire," according to one witness.

That heat melted part of the nuclear fuel and pushed radioactive materials 2,000-3,000 feet into the air to form the giant radioactive cloud which drifted across Europe.

At this stage the Russians briefly panicked. No one knew how to put out a fire in the graphite. But international officials are full of praise for the way they recovered, improvised, and eventually brought the disaster under control by smothering the core under tons of boron, lead and sand.

(London Observer Service)

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420 gr.	1.69
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Tuna Star-kist

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140 gr.	0.69
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liquid 1 liter	2.95
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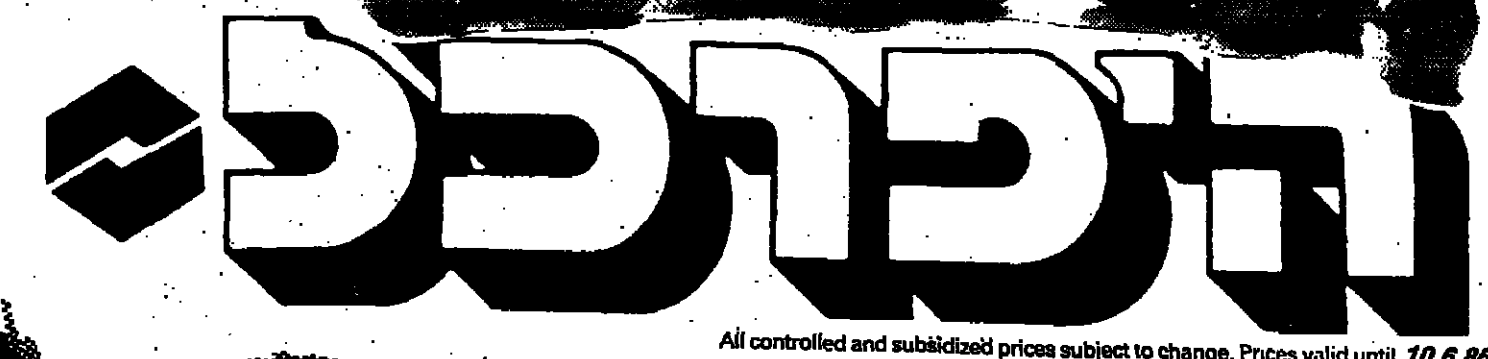
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Banking system's woes haven't gone away

Changes needed despite profits of 1985

PINHAS LANDAU / Post Finance Reporter

ISRAEL BANKING never had it so good as in 1985. Nor, according to the experts, are the favourable conditions that existed last year likely to be repeated. While the year, and its results, stand by themselves, the conclusions that may be drawn from them regarding the future are limited. But a consensus has emerged on one basic point: the problems facing the banking system have not gone away, or even been alleviated by the profits achieved in 1985. Therefore, the outlook is grim and the need for major changes in how the system works has not been lessened by one iota.

All this refers purely to the actual results achieved, and takes no account of the "Bejski factor", i.e., the personal, organizational and structural recommendations contained in the report of the Bejski Commission of Inquiry into the 1983 bank share collapse. The proposals made by the commission, by the Gabbai Committee that reported last year and by the Heth Committee in 1984, and the series of regulations issued from the examiner of banks at the Bank of Israel - all these, in their different and partially overlapping areas of reference, form a separate agenda, which the banking industry is currently being forced to come to grips with.

But the actual results represent the true bottom line of all the activity in, around and concerning the banks. This justifies the scrutiny given to them every year and the

public debate, which focus on the academic forums in which the results and their implications are picked over. This year, the Hebrew University mounted a formal challenge to the traditional monopoly of Tel Aviv University's annual seminar on the subject. Despite the fact that Tel Aviv attracted a much larger crowd, and that, particularly in that part of the discussion devoted to the Bejski report and its aftermath, its list of speakers was higher-powered, the two successive seminars held in late May were both successful, in that they complemented each other, rather than repeating or contradicting themselves.

ONE OF the great ironies is that both universities' business schools are founded on Recanati family donations, and their heads, Professors Abraham Friedman and Yair Orgler, are now both board members of Bank Discount. However, this fact did not seem to intrude further than the official names on the programmes and invitations.

At the Hebrew University forum, the analysis of the bank's results was presented by Dr. Yitzhak Swary, while First International Bank chairman Zedek Bino made some illuminating remarks on the results and went on to propose solutions to some of the underlying problems. In Tel Aviv, where the whole show has become as institutionalized as Independence Day - if not yet as formal - the set-piece presentations were ex-

aminer of banks Galia Maor's overview of what happened, why, and what might be expected next, and Prof. Amir Barnea's more detailed examination of some of the fine print in the banks' results, which, as usual, revealed matters the banks would rather have left in the dark.

Fortunately, though, a large measure of agreement on basic issues was reached among the various speakers - so much so, in fact, that Maor didn't bother to go into detail on the results at all, claiming that Barnea did it better anyway; while Barnea himself built on the analysis that Swary had presented the previous week, seeking only to extend the scope of the debate and having no argument with the conclusions Swary had reached.

The elements of this consensus were as follows: The sharp increase in the profits achieved by the system as a whole stemmed primarily from the huge profit margins that developed as a result of the tight monetary policy in force, particularly in the third quarter of 1985. Another very important factor, this time on the expense side, was the reduction in the wage bill - which comprises two-thirds of the banks'

operating costs - as a result of the general wage erosion, and the cumulative effect of staff reductions since late 1983.

WORKING in the other direction, i.e., to reduce profitability - were the very large sums set-off against bad and doubtful debts, and the effect of various accounting changes introduced this year. In addition, the banks continued to labour under the weight of the financing cost of their bank share holdings (called "nostro") and the fact that much of their capital is tied down in illiquid investments, such as real estate and equipment, or in subsidiaries which, by and large, produce a poor return.

These points were agreed to by everyone, with differences of opinion restricted to the relative importance of each factor. But the differences were not always unimportant. For instance, Maor presented the year as one in which the banking system's net profits had grown by NIS 95 million. This stemmed, she said, from the fall in wage costs; while the need to set aside large sums against bad debts - which would have hit profits hard, she seemed to infer - was itself offset by the profits

obtained from record-high margins. Thus, she concluded, the "illusion" that had existed earlier in the year that profits would be enormous had been shattered by the need to write off bad debts.

But there is a cart-and-horse question here. The other way of looking at the results is to say that the banks piled up huge profits - really windfall profits - from the interest rate margins available and from lower wage expenses. But they took the opportunity presented by these profits to write off as much as they could of their swelling portfolio of dud loans - themselves brought on, at least in part, by those high interest rates - as a method of killing two birds with one stone - lowering their embarrassingly large profits and lowering their even more embarrassingly large bad debts.

THE CHANGES made in the accounting rules were the subject of attacks from Swary and Barnea, in effect on Maor, since her department pushed them through. Both analysts claimed that there were changes made in the rules every year meant that it was impossible to compare one year with another, since the

figures were based on quite different premises. Even the apparently innocent switch from using the November consumer price index (the "last known index" on December 31, when the banks close their books) to the December index (the index for the period in which the business was done, published only on January 15) had caused much greater changes than anyone had thought possible, without - according to Swary - making the results any more accurate than they used to be.

In this context, Zedek Bino pleaded that greater attention be paid to the nominal, or non-inflation adjusted, profits. This, after years in which everyone moaned that without inflation-proofed accounts all the figures would be meaningless, indicates that you can't please most of the people most of the time. If you change things, you're accused of tinkering unnecessarily and if you leave things alone, they shout that there must be changes, because the present approach is no good.

But to get back to the consensus, the sources of the profits made in 1985, and their primary use - to rub out bad debts - was not in dispute. By extension, everyone agreed that what had happened in 1985 was already a matter of history. The positive factors that produced the profits no longer existed - neither the margins, which had been shrinking steadily since last September and would probably remain low for most of 1986, nor the wage costs, which had been regaining their losses for many months and were now back to their pre-July 1985 levels. On the other hand, bank charges and commissions remained frozen at the already-unrealistic levels of July 1985, and the problem of bad debts would remain in full force for the foreseeable future. This led speaker after speaker to conclude with grim prognoses of where the system was heading.

ONLY BINO had a happier song to sing. Basing himself perhaps on the record of his own bank, he predicted that 1986 would be a less successful year than last, but not dramatically so. He assumed that wages would remain stable or rise only very slightly in real terms; that inflation would once again run well ahead of the rate of devaluation against the dollar, even if a minor devaluation took place during the year; that the worst debt cases (such as Solel Boneh, Elscint, Kupat Holim, etc.) would "find a solution" and that other debtors would have learned the relevant lessons from their experience in the last year or two - in short, that the worst was over and that those who had survived thus far were more or less safe.

No-one else was anywhere near as sanguine. Swary and Barnea both dwelt on the fact that the banking system is operating on negative financial capital. This means that the banks' own money is tied up in the real estate and computer systems which they had heavily invested in as

tax shelters, before the enactment of the inflationary accounting law of 1982; in subsidiaries abroad from which the profits cannot be repatriated and hence the investment cannot be recouped; and from other subsidiaries at home, most of them in every conceivable field except banking, whose results have been generally poor and sometimes disastrous.

Barnea, in particular, zeroed in on the "black hole" in Bank Leumi's results in recent years - the difference between what the bank itself earned and what the group announced to be its net profit. This difference amounted to tens of millions of dollars, and specifically, Barnea showed, the decision to dabble in high-tech through a joint venture with the ill-fated Danot group left the bank with a loss of \$40m. over a three-year period. This was merely the most dramatic such example in the field: Hapoalim's investments in companies such as Clal and Delel brought in next to nothing, while tying up very large chunks of capital. Even the results of the banks' foreign operations, which are generally profitable, still produce a much lower return on capital employed than could have been achieved at home in the last two years.

BUT THE big profits made at home were themselves concentrated in a very narrow sector of the banks' business - that of unlinked shekel loans and free foreign currency loans. Between them, these two sectors represent around 5 per cent of the total assets of the banks, but they contributed the bulk - over 60 per cent - of the operating profits. All the other things the banks do are basically channelling money to and/or from the government, according to terms set in advance, for which they collect a small and usually inadequate fee, while the risk in case of default remains in their laps.

In short, the entire system is distorted by the cumulative effect of government domination of the economy, and particularly the financial markets. Even the much-talked-about tight monetary policy, enforced by the central bank, applies only to this fraction of total banking business, with the result that ferocious measures, such as 50 per cent liquidity requirements, when aimed at 5 per cent of the balance sheet, create even bigger distortions than before. The obvious answer is to spread the effect of monetary policy more widely and to allow the banks wider margins on the bulk of their activities and much smaller ones on the small "free" credit zones in shekels and foreign currency.

This idea was one that all the speakers subscribed to in one way or another. Some of their other suggestions, and their prognoses if the current situation is allowed to continue unchanged, were far more radical.

This is the first of two articles.

Middle East Marshall Plan Experts back goals, differ on the details

DAVID KRIVINE

AUGURIES are favourable for the Middle East Marshall Plan which Prime Minister Peres has proposed to heads of state abroad, former governor of the Bank of Israel Arnon Gafny told the Armand Hammer Conference on Economic Cooperation in the Middle East at Tel Aviv University on Monday.

The economies of the Arab states have been weakened by the drop in oil prices, he explained. This aggravates their burden of foreign debt, creating a situation which could endanger the survival of moderate regimes.

A plan is needed to re-stabilize the region. Resources are not lacking. The fall in oil prices has had a positive effect on potential donor countries in the West, whose capital and money markets are in boom.

A scheme which Gafny prepared for the Edmond de Rothschild Foundation urges that \$30 billion be channelled into the area over a 10-year period. Only 20 per cent of that need be supplied by governments, or \$600 million per annum "which is not a large sum," he said.

IT IS LARGE in the view of Joyce Starr of Georgetown University. Speaking after Gafny, she felt that the recommended aid figure was excessive, owing to budgetary stringency in the U.S.

Some other western country might take up the initiative instead of the Americans, she suggested - possibly Italy.

Another idea she brought up was that the Marshall Plan which Israel is boosting should be designed to serve the Mediterranean region and not just the Middle East, with Greece and Turkey included.

Prof. Ze'ev Hirsch of Tel Aviv University, who opened the conference, stressed that the aim of economic cooperation in this zone should be first and foremost to promote peace.

The European Common Market is bad as a model for this region because it removes tariff barriers and sharpens competition. The accent in the Middle East should be on cooperation, he said.

Sectors of the economy which are hurt by the reduction of trade barriers should be protected or compensated, so that they do not blame peace efforts for their tribulations. Everybody must be brought to find

peace advantageous, even if it costs money to achieve such unanimity, Hirsch said.

If peace can be established, economic benefits will come later, he intimated, adding: "When economics clash with politics - in this area at least - politics must have precedence."

MARIO BLEJER of the International Monetary Fund underlined Hirsch's warning against using the Common Market as a model. In Latin America, he said, free-trade treaties proved to benefit the richer countries (Mexico, Brazil, Argentina) at the expense of the poor ones - who consequently blocked the trade-liberalization process.

The Andean group of poorer countries did no better and for the same kind of reason. The consumers would benefit from a tariff union, but they have no lobby. The producers feared increased competition and disrupted the process.

Most successful is the pragmatic Latin America Integration Association, which functions like Gatt. It promotes bilateral tariff agreements that other countries are invited to join.

Sam Nilsson of Sweden, head of the International Federation of Institutions for Advanced Study, criticized the Common Market for the opposite reason: that it was too protectionist. "Europe is economically weaker than the U.S. or Japan because it is politically fragmented - a warning for the Middle East," he stressed.

He was sceptical about economic union plans for the region at this moment, because of the different levels of scientific achievement in Israel and the Arab countries.

Saudi Arabia could help Sudan achieve self-sufficiency in food but does not get round to doing so, Nilsson said. The consequent shortfall is dramatic. India with 740 million inhabitants has only 30 per cent more cultivable land than Sudan, yet can feed itself, while Sudan's 22 million inhabitants "live in constant catastrophe."

A notable exception to Middle East stagnation, says Nilsson, is Jordan, which maintains a dynamic pace of economic development.

The Economic pages are edited by Shlomo Maoz

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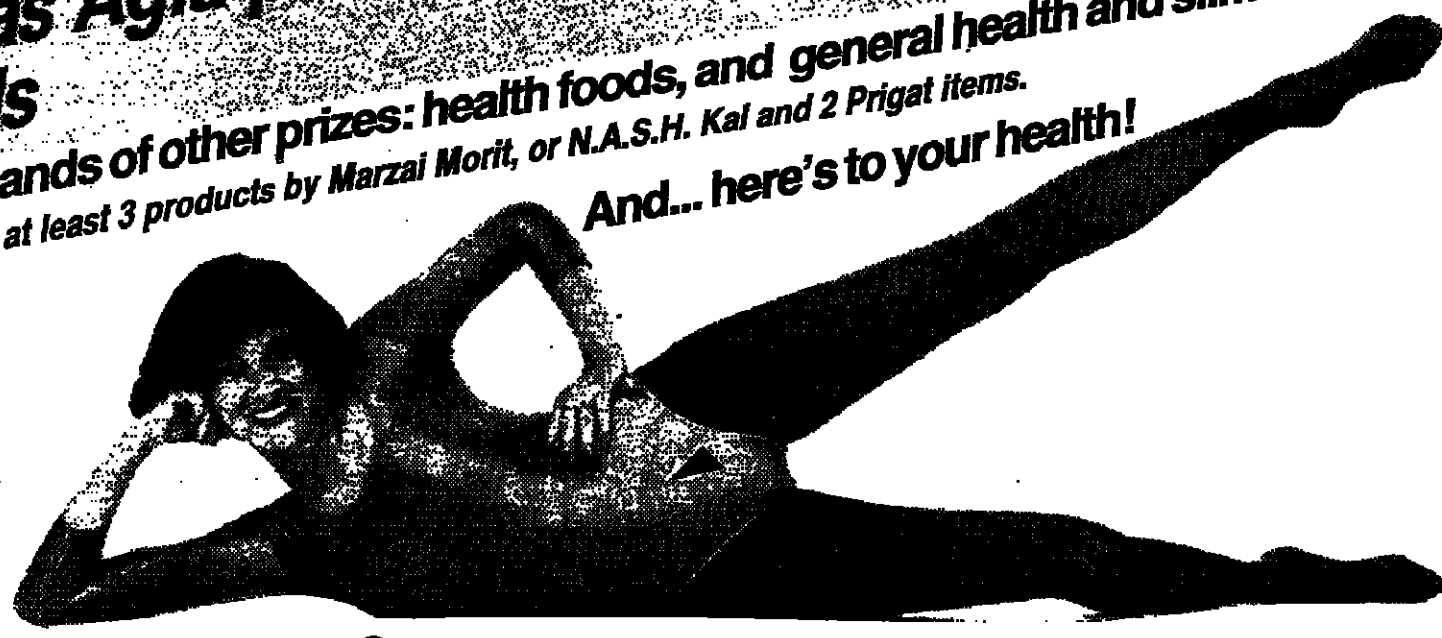
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היפוקול

THE TAX BURDEN

Effect of Israeli taxes on tourists and foreign residents

By JEFF BROIDE

The source factor is decisive in determining the liability to tax in Israel, the so-called "territorial basis." However, in certain instances the "personal basis" too is relevant, particularly in respect of Israeli taxpayers' overseas operations.

Any individual who is not a resident and who stays here on a temporary basis — less than 183 days in any tax year — is considered a non-resident under the tax law. In addition, a corporation registered outside Israel and operating mainly from overseas, or a company managed and controlled from abroad, are considered foreign companies.

Tourists
Despite Interior Ministry classification as a tourist, a person residing in Israel for a period exceeding 182 days in the fiscal year will be deemed a resident for income tax purposes unless proof exists that he does not, in fact, reside here and that his stays in Israel are temporary and not unreasonable. It should be noted that the 182-day period need not be continuous.

The source factor is instrumental in determining such tourist's tax liability should he or she work or carry on any business in Israel. The personal tax credits are not available to the tourist who will thus find himself taxed at higher levels than his Israeli counterpart.

Foreign residents — are they totally exempt?

Salary or income earned in Israel is taxable in the ordinary manner, without recourse to personal tax credits, as indicated above. But what if the employer too is foreign? Then income, up to a specified amount will be exempt if the employee's stay does not exceed 90 days in the tax year, or if specifically exempted under one of the double tax treaties. A visiting lecturer or foreign specialist invited to work in Israel for a period not exceeding 12

months, may deduct expenses incurred for accommodation and meals. With approval of the Investment Authority, the foreign specialist may be taxed at a maximum rate of 25%.

How is income from interest, dividends and royalties taxed in the hands of non-residents?
Here a 25% tax of the income is withheld at source, unless a lower rate is provided for under a treaty for the avoidance of double taxation. Alternatively, the non-resident may choose to pay the full tax rate on net income, i.e. gross income, less expenses incurred.

Are non-residents taxable on interest or dividends received on debentures or shares quoted on the Tel Aviv Stock Exchange?

Foreign residents are exempt from tax on such income provided the shares or debentures are purchased with foreign currency and subject, once again, to any double tax treaties. Share dealers are not included in this exemption.

And interest on foreign-exchange deposits?

Interest earned on foreign-exchange time deposits held with Israeli banks are exempt from income tax, provided the foreign resident account is not that of a business conducted in Israel.

How are foreign residents taxed on capital gains?

Capital gains on the sale of assets located in Israel are liable to Israeli taxes irrespective of the owner's domicile. In fact, execution of the sale, outside Israel, will not exempt the "gain" from tax. Specifically excluded from the ambit of tax liability are capital gains on sales of shares and bonds quoted on the Tel Aviv Stock Exchange. Profit on the realization of ordinary, non-quoted shares are taxable as capital gains, but non-residents are exempt from the tax on the inflationary portion of the gain (in dollar terms).

The writer is a Certified Public Accountant (Israel).



The daring young men at left and right, suspended by ropes from the top of the capital's Ramada Renaissance Hotel, hold a banner advertising the "Inland Tourism Fair" opening in Jerusalem next week. (Rahamim Israeli)

WORLD NEWS

U.S. oil prices drop sharply as petrol stocks grow

NEW YORK (Reuters). — An unexpectedly large increase in U.S. petrol supplies yesterday sent crude oil prices tumbling on spot markets more than 50 cents, to \$13.35 a barrel. Petrol prices also fell sharply, posting losses of up to two cents a gallon.

Lebanon's pound tumbles to eight week low

BEIRUT (Reuters). — Lebanon's pound tumbled against the dollar yesterday to its eighth record low in two weeks in the wake of fierce inter-Muslim fighting, dealers said. The pound closed at 37.90/38.00, more than three pounds below Monday's closing 34.00/34.50.

Egypt cuts oil prices for June by 50 cents

CAIRO (Reuters). — Egypt yesterday cut its crude oil prices by 50 cents a barrel to maintain the competitiveness of its crude exports, an Egyptian General Petroleum Corporation official said. The reduction — the seventh this year — took the prices of the benchmark Suez Blend and Ras Bahar grade to \$11.50.

Uganda announces two-tier exchange rate

KAMPALA (Reuters). — Uganda's government has introduced a sweeping economic package designed to destroy a thriving currency black market and boost exports.

It established with immediate effect a two-tier exchange rate for the country's shilling currency, boosted prices paid to farmers for their exports, increased interest payments and said it was selling off businesses confiscated from Asians by former dictator Idi Amin.

Japan cuts fishing in Soviet waters

TOKYO (Reuters). — Japan yesterday accepted a Soviet demand to cut its northwest Pacific salmon catch by more than a third, fishery agency sources said. The two countries signed an agreement under which Japan will reduce its quota to 24,500 tons this year from 37,600 last year, the sources said. Japan agreed with the U.S. last March to phase out fishing in the Bering Sea by 1994, where Japanese fleets catch about 2,000 tons of salmon a year.

Three European governments issue plan on jobs

LONDON (Reuters). — The governments of Britain, Italy and Ireland yesterday issued a joint report that blamed joblessness in Western Europe partly on excessive wage rises.

The British employment department said the joint initiative was aimed at combating what was seen as a major social problem in the European Community. The three have among the highest jobless rates in the 12-nation group.

General Motors halts sales to S.A. police and military

JOHANNESBURG (AP). — General Motors, citing U.S. regulations, said this week it has halted sales to the South African police and military, but will continue supplying vehicles to other branches of the white-led government. GM has been widely criticized in the U.S. for its South African operations, but repeatedly said it would not bow to pressure to divest.

Crack down on illegal sales of produce

By YITZHAK OKED

TEL AVIV. — Agriculture Minister Arye Nehamkin said this week that he was confident he would stem the expected increase in "grey market" produce sales this summer with stepped-up enforcement.

Under the law, farmers are required to market their produce through authorized marketing boards and can only grow produce allotted to them by quotas. Many, however, sell their harvests independently for cash, thus avoiding taxes.

Officials estimate about 30 per cent of all produce is sold on this grey market. The number of farmers selling on the grey market is expected to grow this year because of the severe financial problems in the farm sector.

Nehamkin said the Agriculture Ministry had increased fines for farmers found to be selling on the grey market and would no longer pay subsidies to growers who exceed their quotas.

In addition, he said, more enforcement officials had been added to the ministry's staff and that the Green Patrol was being used to enforce quota and marketing regulations, as well.

Nehamkin said the grey market was largely behind the troubles in the poultry and egg sectors.

"At the beginning of the last fiscal year, these two sectors nearly collapsed," Nehamkin said. "The cold storage warehouses were packed with poultry and eggs that had been produced above and beyond the quotas. This harmed all the farmers in the end, because most of the eggs and frozen poultry had to be sold at a loss."

Lloyds of London moves to new HQ

LONDON. — Lloyd's of London, the world's biggest insurance consortium which started in a 17th-century London coffee house, has moved into a new building.

The towering, futuristic structure in the City of London financial district was designed by British architect Richard Rogers, who put the usual insides of a building on the outside when he created the Pompidou Centre in Paris.

The insurance market, which earns more than nearly \$9 billion in premiums a year, will operate as in the past in one room — a huge room at ground level and in three galleries above it. But, for the first time, the public will be admitted to a viewing gallery to see the underwriters at work. Lloyd's expects over 250,000 visitors a year.

New York insider trading

NEW YORK (Reuters). — A federal grand jury has indicted five people for illegal insider trading stemming from the alleged use of confidential information by a former New York attorney.

Roll-a-Soap and lean chicken

IN A country with so many weapons kept at home for self-protection or for temporary storage during military reserve duty, it is not surprising to read of children wounded while playing with their father's gun, or even shooting relatives in a fit of anger or insanity.

A special lock for the triggers of guns is now on sale in Shekema stores and other outlets. Imported by the Gilmor company, the American-made lock fits almost every type of weapon, and — locked with a key — prevents anyone from firing the gun.

One wonders whether the Israel Defence Forces, which regularly reminds reserve soldiers to keep weapons unloaded and out of sight at home, will provide every reserve soldier on leave with the American lock.

ISRAELIS WHO are "addicted" to the taste of rendered *schmaltz* mixed with chopped liver or spread on bread may be angered by a new lean chicken being developed by Hebrew University geneticists.

The chicken has only one-fourth to one-third of the fatty tissue of fat chickens, says Dr. Avigdor Cahaner, of the Department of Field Crops and Genetics, and Prof. Israel Nir, of the Department of Animal Sciences. However, they promise that the new line will taste as good as *schmaltz* chickens because the amount of fat within the meaty tissues will remain the same.

Most people, afraid of high cholesterol levels in their blood, throw out the gobs of chicken fat under the skin near the abdomen anyway, and much of the rest is discarded during processing. Thus, the HU researchers, assisted by Dr. Zafira Nitsan of the Agricultural Research Organization, have carefully selected breeders which would produce chickens with little abdominal fat. The new thin line should be ready for marketing in Israel within three years.

They will cost less to grow commercially than fat chickens because their feeding will be more efficient. To produce a gram of muscle (meat) requires only 25 per cent of the feed needed to produce a gram of fat. Thus, customers should pay less per kilo for thin chickens, and Israel will need to import less chicken feed.

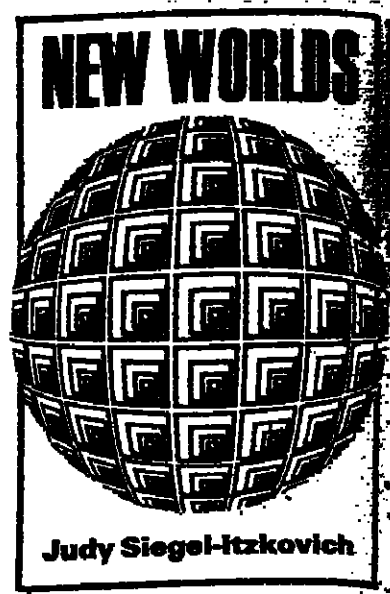
Thin-line chickens lay more eggs than fat ones and suffer fewer deaths as well. In addition, eggs from thin chickens are much more fertile than those from the fat ones — 20 per cent more chicks hatch from the slim chickens' eggs. All things considered, the thin chickens produce 42 per cent more progeny than fat ones.

The researchers have also succeeded in producing a very fat line of chickens by selective breeding. If there is enough demand from consumers, these could be sold to the *schmaltz* addicts.

ISRAELIS DON'T seem to be capable of producing a frozen chicken without feathers, but a machine has been developed to separate potatoes from stones, clods of earth and vines.

The Agricultural Research Organization at Beit Dagan has produced the machine, which can tell the difference between the tuber and the waste material. It consists of a moving roller that distinguishes between food and unwanted materials by the distinctive bounce a potato makes when it is gently dropped onto the roller.

Invented by Dr. Ron Feller, it was released on the international market last year and is already being used in all of Israel's potato packing houses.



Twenty foreign buyers have ordered it, and 10 more are on the way. The greatest interest comes from Idaho, the "potato capital" of the U.S.

THINK ABOUT the waste of a hotel or airline offering a new bar of soap to every customer, not to mention the storage space involved. In addition, people may be reluctant to share soap in restaurants, schools, nursing homes and hospitals, for fear of catching some disease. Liquid soap is messy and clogs its container.

An innovation that will save money and space is Roll-A-Soap, manufactured by a Brooklyn company and distributed by the National Patent Development Corporation on Park Avenue in Manhattan.

A dispenser filled with 350 individual portions of paper-thin soap, each about 2 by 4 centimetres, is hung in washrooms. Each scented portion is torn off the roll and rubbed between wet hands. The soap contains an anti-bacterial agent and is biodegradable. Distributors are currently being sought in Israel.

Another bathroom innovation is an automatic electronic water faucet. An electric eye "sees" when hands are placed near the faucet, causing water to run. It stops running when the person moves his hands away. The imported device, distributed by a Ramat Gan company, costs NIS 520 plus NIS 60 to 100 for installation. It will certainly reduce water waste, but because it runs on electricity, Sabbath observers will not be able to use it one day a week.

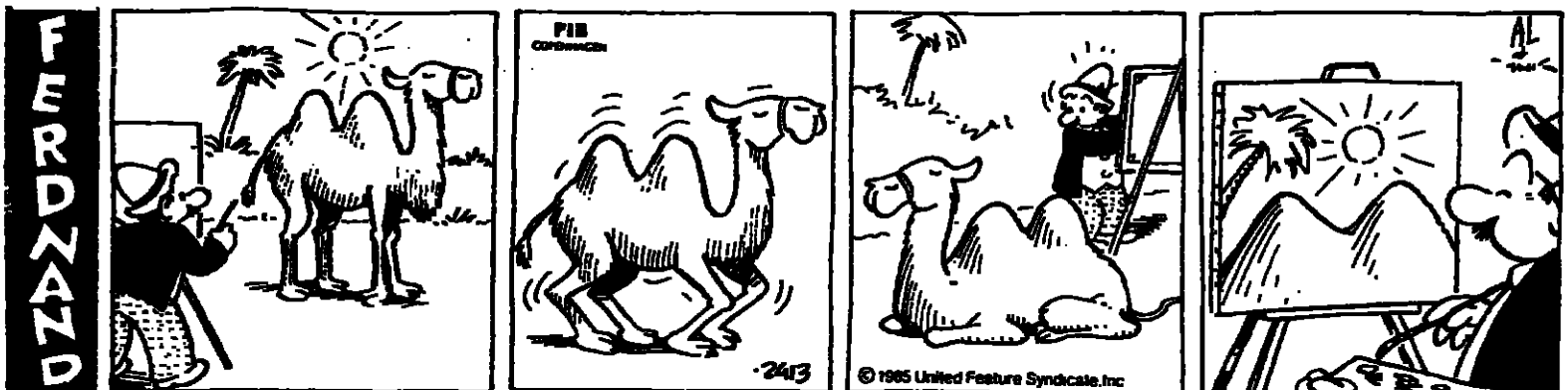
A NEW technique for removing benign tumours from the base of the brain has been performed recently by neurosurgeons at Hadassah-University Hospital in Jerusalem. It requires removing the growth by way of the ear rather than touching the brain itself.

Before the new technique was developed abroad, surgeons had to remove growths on the auditory nerve through the back of the skull, and perform a very complicated operation on the brain. Now, by way of the ear, the surgeon can reach the growth without damaging any cranial nerves. The new way of operating has been made possible through the use of microsurgery.

The initial symptoms of such a growth are a decrease in the ability to hear, buzzing in the ear and dizziness. The growth can put pressure on the brain and though it is not cancerous, may even lead to death. It can now be discovered when it is only 1.5 millimetres wide. All five operations performed on this type of growth at Hadassah in recent months have been successful.

ROME. — Italy's cabinet Tuesday approved draft legislation to introduce the "lira nuova," or new lira, that will be equal to 1,000 of the old lire. The currency would also be broken down into "centesimi," like agorot.

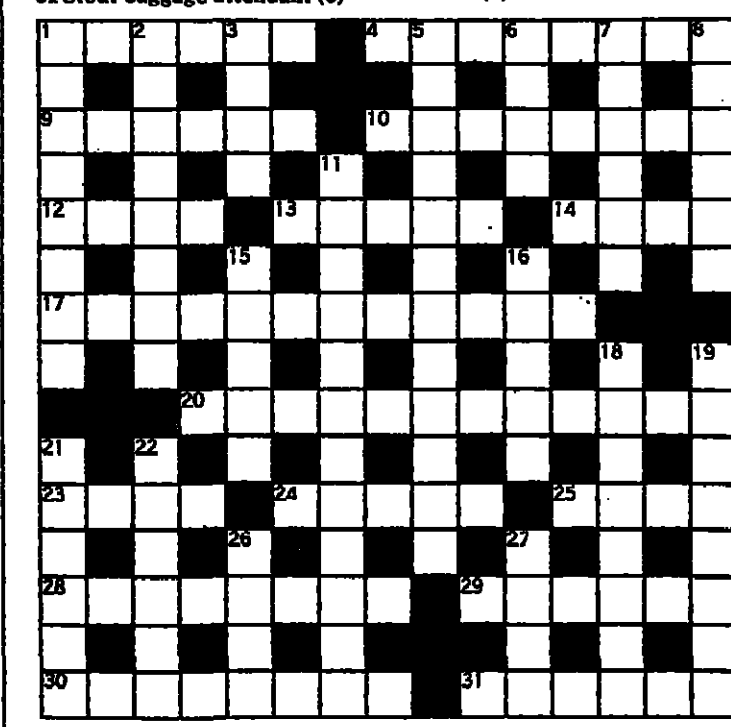
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## ONE-ON-ONE CROSSWORD

- |                                                                |                                                            |
|----------------------------------------------------------------|------------------------------------------------------------|
| <b>ACROSS</b>                                                  | <b>DOWN</b>                                                |
| 1 Senior Nurse Sibling (6)                                     | 1 Keep your distance from bandstand officers (5-3)         |
| 4 Don, perhaps, has well to do (8)                             | 2 Priests' college remains unsteady on fourth of July (8)  |
| 9 Approaching resort of St Malo (6)                            | 3 Direction taken by Tom Brown's chum (4)                  |
| 10 It can let actors down on stage (4-4)                       | 5 See Labour MP tear off in first carriage? (12)           |
| 12 Sandy Hill could be nude! (4)                               | 6 Short drive back for short drinks (4)                    |
| 13 Fees set for law sittings (5)                               | 7 Bulk of a horse, say (6)                                 |
| 14 Opening of fairy-tale in the old days (4)                   | 8 Obscure wooden boat in safe place (6)                    |
| 17 Head of board takes me for a rural, in a way (4-8)          | 11 Plastered and stoned (6-6)                              |
| 20 Solid figure, two-faced six times over (12)                 | 15 A blockhead on his head is unresponsive (5)             |
| 23 Somerset Maugham's story of painter accepted by society (4) | 16 Uniform that looks the same back to front (5)           |
| 24 Ban contents of databook (5)                                | 18 Player going to console? (8)                            |
| 25 Deny oneself sound (4)                                      | 19 West Indies tanker off Fair Isle, perhaps (8)           |
| 28 After midnight, a feeble Victorian illumination (8)         | 21 Walking-shoe that sounds broad? (6)                     |
| 29 The case for giving appointment about tea-time (6)          | 22 Opening of third publication of insubstantial paper (6) |
| 30 Slack water late in the day (8)                             | 26 Clue: It is thin, disguised (4)                         |
| 31 Stout baggage attendant (6)                                 | 27 Game for gamblers in distant circle (4)                 |



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Tel Aviv: Lev Ha'ir, 68 Ahad Ha'am, 613862; Kupat Holim Leumi, 4 Heftman, 267221; Netanyah: Porat, 76 Petah Tikva, 40967.  
Haifa: Hanassi, 33 Sd. Hanassi, 333312.

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15 Good fortune  
16 Beverage  
17 Inactive  
18 Holy war  
19 Lush meal  
20 Constellation  
21 Indigent  
22 Poodle

**DOWN**  
1 Insurance contract  
2 Cigar  
3 Pacifier  
4 Airplane  
5 Urge to action  
6 Elbow room  
7 Unpolluted  
8 Eye disease  
9 Communion cup  
10 Long-armed ape  
11 Sharp  
12 Ball-game  
13 Sudden thrust in fencing  
14 Stunted, feeble

## Jerusalem Institute for Drug Problems.

The National Police Control Centre at Ramat Hashikma, phone (04)529205, for emergency calls, 24 hours a day, for information in case of poisoning.

Kupat Holim Information Centre Tel. 03-433300, 433900 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

## FLIGHTS

24-Hours Flight Information Service: Call 03-971284 (multi-line). Arrivals Only (Taped Message) 03-381111 (20 lines)

## DENTAL

Tel Aviv: Dental Association clinic 49 Rehov Bar-Kochba, Friday: 8 p.m. to midnight; Saturday: 10 a.m. to 2 p.m.; 9 p.m. to 10 p.m. Tel. 03-284643.

Dental Clinic, 25 Rehov Ahimeir, Ramat Aviv Gimmel, Shabbat and holidays: 8 p.m. to 10 p.m. Weekday evenings: 4.30-10. Tel. 03-428322.

## Yesterday's Solution

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T N I M I R A C L E  
V I R G I N I A N S O N  
O L A N I G H T O U  
U N S E A T I N A  
T P A A Y S T R E E T  
O I M S E E D P A R L  
M A T E N O V I C E S  
E N T I C E S I N S  
D E H S O U T H G A T E

## QUICK SOLUTION

ACROSS: 1 Panto, 4 Graph, 10 Carriage, 11 Allow, 12 Pleat, 13 Nominee, 15 Open, 17 Scarf, 19 Ulian, 22 Ease, 25 Confine, 27 Risky, 29 Atoll, 30 Nolsome, 31 Tasty, 32 Amity, DOWN: 2 Agree, 3 Traitor, 5 Realm, 6 Poletia, 7 Scope, 8 Verse, 9 Owner, 14 Onus, 16 Peer 18 Condense, 20 Heroism, 21 Scrap, 23 Amend, 24 Hymen, 26 Inlet, 28 Short.

## Jerusalem Rock

Words and Music: BEN ROYVEN

Jerusalem rock, Jerusalem roll,  
I got Jerusalem in my soul,  
Jerusalem one, Jerusalem whole,  
I got Jerusalem in my soul,  
Jerusalem, Jerusalem.

City of gold, city of light,  
City to behold morning, noon and night,  
City of peace, city of love,  
Jerusalem, Jerusalem, Jerusalem.

City so holy for religious feast,  
Capital city, united and free,  
City of peace, city of kings,  
Jerusalem, Jerusalem, Jerusalem.

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Published by the Good Times Publishing Company, P.O. Box 3576, Jerusalem, Tel. 02-525353.  
This song is available on a special Ben Royven cassette.

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## MARKET PLACE

MACABEE DEAN

### Joel Ostrowicz versus the State of Israel

Company reports invariably fall into set patterns: the chairman modestly takes all the credit for a good business year; the chairman blames anybody but himself for a bad business year; and these reports are deadly dull.

But not those drawn up by Joel Ostrowicz, a South American businessman, chairman of Israel Petroleum Industries, which makes polyethylene for the plastics industry. He always has a fairly good business year, even if this means ignoring the bottom line. The Oil Refineries don't understand anything about producing his basic feedstock, ethylene; and above all, his reports are a reflection of the man's love of life (he is in his early 70s). The joy he gets out of his never-ending battle with the Oil Refineries, which to him symbolizes his major stockholder (74 per cent), the Government of Israel.

This flamboyant and charming man - his witticisms and jokes (especially his dirty ones) are legend - uses his annual reports to express his personality and his ailments. He even discusses his heart condition, causing one of his opponents to note: "That old duffer doesn't get heart attacks, he gives them."

His latest report states he plans to fight the Oil Refineries (which he heartily castigates) to a finish, for after all, "life is for living - and fighting."

Ostrowicz has peculiar habits of transition. For example, the 1985 report shows IPE had a net income of NIS 11.4 million. But a closer look shows that adjusting this profit for inflation turns it into a NIS 3.6m. loss. But Ostrowicz has an airy explanation: he does not understand the adjustment process.

His reports open by quoting some pungent saying by an outstanding personality - "writers, philosophers or economists." This year differed only slightly, for the outstanding personality he quoted was himself: "Perhaps my money didn't buy me friends - but I certainly got a better class of enemies."

Last year he quoted the title of Nobel Prize winner Milton Friedman's book: "La Tyrannie de l'Etat-Quo."

Ostrowicz comments: "It is highly gratifying to see Friedman elaborating on an expression I used years before. Luckily for Friedman, he lives in the U.S., and he has only a theoretical knowledge of tyranny - political, social or economic. If he was a foreign investor in Israel, this would have enriched his experience in practice, since here we face these things every day."

The Ostrowicz story starts in Poland where he was educated as a petroleum chemist. He left for the greener pastures of South America. In 1960 the late Pinhas Sapir persuaded him to set up a polyethylene plant here. Since then, if he has given the Oil Refineries people one moment of peace about their "mismanagement" of their ethylene plant, they don't remember it. They claim that they are losing \$12m. to \$15m. a year, so to cut their losses, they reduce production.

Ostrowicz has been reiterating his demand for at least a decade: "If you are really losing money, it is because you are reducing output instead of running the plant at optimal production. Lease me the plant; you won't lose money. I'll run it properly by increasing the output of ethylene to maximum capacity (through additional investments); the plant will make money. How can you go wrong?"

The Oil Refineries are supported by Energy Minister Moshe Shahal, who, Ostrowicz says, "lacks elementary business sense."

"Let's integrate the Oil Refineries IPE, and out there three customers. Frutkin, Gadiel and Dor."

Ostrowicz: Are you crazy, you want the Oil Refineries, which are losing money, to merge with four companies, which are making money?"

This was the situation until two weeks ago. Then the Oil Refineries and Ostrowicz decided to set up a joint company, composed of the ethylene facilities of the Refineries and the polyethylene facilities of IPE. Ostrowicz will be chairman of the new company, called Carmel Olefin Industries.

Ostrowicz's next annual report should be a "hokey," especially the bottom line. Can he really run the Oil Refineries? Or has he been besmirching the Refineries' name all these years? Will the Refineries be fighting next year?

### Industrialists protest

A number of leading Jerusalem industrialists Tuesday issued a statement accusing the Jerusalem Economic Corporation, established to encourage industry in the capital, of doing little besides taking their money. They also charge that the organization is now demanding of them impossible rents.

Over 100 leading Jerusalem company owners, who employ some 2,000 workers, say the JEC has raised rents by 21 per cent, after increasing fees by 300 per cent over the past three years.

## BUSINESS BRIEFS

### A good season for the citrus industry

TEL AVIV - Citrus growers had a good 1984-85 season, thanks to successful marketing, less waste and increased efficiency at packing houses. The association of Tuva export citrus growers earned \$110 million in the season, according to managing director Moshe Rabinovitz. Belt-tightening measures included the closing of five packing plants in the last two years, cutting 600,000 man-hours by reducing staff, and reducing vehicle use by 20 per cent.

### Large properties to be auctioned off

The first public auction of properties in Israel to include choice villas, hotels, commercial sites, businesses and land, will take place on Monday, July 28, at the Tel Aviv Hilton Hotel.

### Why Israel can't be like Japan

Israel's potential to learn from the success of the Japanese economy is limited because of the wide differences between the two economic systems, according to Prof. Henry Rozovsky, who wrote on the subject recently. He said the main conditions for a "Japan-type miracle" are a reduction of Israel's international dependence, a change in existing work relations, and - most important - a peace agreement of some kind, that will reduce defence expenditures.

### 400 firms engage in barter deals now

TEL AVIV - The Israel Barter Clearing House, which was founded a year ago, today has 400 members, according to its manager Ya'acov Dumizet. Members, as a rule, prefer to buy from other members, thus increasing the sales of each. Payment is made through the "clearing house," which has a turnover approaching half a million dollars a month.

The "clearing house" itself charges a fee, ranging from 2-12 per cent, depending on the type of transaction, for each "barter" deal. Dumizet notes that because all transactions must be registered, there is no way to "avoid" paying income tax.

### Income tax forms for single people

The 1985 income tax forms for singles are already being distributed to the self-employed and to salaried workers, along with brief instructions. Several advice and guidance offices will be set up to help taxpayers, and a pamphlet, "Know your rights and obligations," is to be published this month.

### Decision to move Eilat airport outside town

A committee headed by Economic Planning Minister Gad Ya'acobi recently decided to move the Eilat airport to a spot 11 km. north of the city in order to make way for new hotels. The project, estimated to cost \$250 million, will be funded by private entrepreneurs.

### Inspectors go after price control violators

Dozens of cases of price control violations and failure to mark prices were discovered in Nahariya this week, Industry and Trade Ministry officials said. Inspectors will intensify their efforts throughout the country, to prevent businessmen from raising prices, a spokesman said.

## Call for African self-reliance

NAIROBI (AP) - The Kenya Times (ruling party) of Nairobi says about the need for African self-reliance that African delegates to the special UN session on the continent's economic crisis will return home this week less enthusiastic on the prospects of economic recovery than should have been expected.

Rhetoric aside, the session ended without firm commitment towards a substantially enhanced financial resources flow.

"If Africa expected debt forgiveness, then this they missed, beyond a promise of international support for the continent's recovery. The donor enthusiasm of the 1960s is gone. The lesson is that Africa must readress itself towards being self-reliant and reducing its dependence on the industrial nations."

"While it is true that declining world commodity prices, fluctuating interest rates on loans and currency rates have increased debt servicing obligations, bold decision have to be taken by African governments to uproot pervasive corruption and misuse of resources, the paper said. Population growth is accelerating while the investment rate is falling. This has to be reversed."

### Cutting down on car washes

For the past five years, the State Comptroller has warned that the country must conserve water. Now, with a severe water shortage approaching, government officials have responded with a drastic measure: they will wash their official cars only twice, rather than three times a week.

Furthermore, an official memo noted, cars may also be cleaned with a dry rag.

### Quest for more beautiful balconies

By MARTHA MEISELS  
Jerusalem Post Reporter  
TEL AVIV - "Your balcony is showing!" is the slogan that the Council for a Beautiful Israel is to use throughout the month of June, to encourage apartment owners to beautify their balconies by painting walls and railings, hanging flower-boxes, and adding decorative awnings.

Plant nurseries and manufacturers of balcony paint and furniture, including Tambour Paints and Keter Plastics, are to give discounts this month to help the campaign.

Model balconies will be on show at the Canyon Ayalon and Rav Mecher shopping malls, and at the Israel Building Centre in the Tel Aviv area, and in show-windows of seven branches of Hamashbir Lazarachan.

The council invites the public to send recommendations and photos of outstanding balconies to its offices.

The best balconies will be awarded certificates.

The council's main office, at 44 Sderot Ben Gurion, Tel Aviv 64589, (tel. 03-235064), and its local branch offices, will provide details on where to get discount-price flower boxes and other balcony products.

## Gillerman of Chambers of Commerce Federation Bank of Israel sabotaged gov't economic programme

By MICHAEL YUDELMAN  
Jerusalem Post Reporter

TEL AVIV - The Bank of Israel's annual report is the worst charge-sheet ever written on the Israeli economy, proving that the bank acted against the government's economic programme and violated the Banking Law. This was stated yesterday by Dan Gillerman, president of the Federation of Israeli Chambers of Commerce. "If Bank of Israel governor Moshe Mandelbaum had not been forced to resign following the Bejski Report, the government would have had to fire him as a result of the Bank Report," Gillerman told reporters.

The Bank Report confirms that the Bank of Israel caused irreparable damage to the country's business sector by imposing "insane" interest rates, which caused the collapse of companies and factories and ruined entire economic sectors, Gillerman said.

"The damage caused the business sector by the bank's erroneous and irresponsible policy is even worse than that caused the bank share owners, because no 'arrangement' has been made to save or compensate the plants and firms which collapsed," he noted.

According to the Israel Banking Law of 1954, the bank's duty is defined as regulating and directing the country's bank credit system in keeping with the state's economic policy. But as the Bank of Israel's annual report confirms, the Bank acted contrary to the government's economic policy. While the policy was to reduce inflation, the bank, demonstrating a lack of faith in this policy, charged exorbitant nominal interest of 258 per cent a year (compared to an 88 per cent index rise), or a real interest of 90 per cent.

Unless immediate conclusions are drawn from this report, Gillerman warned, another inquiry commission may soon have to be appointed. He demanded that an advisory committee be appointed for the Bank of Israel and that the governor's authority be re-examined and redefined according to the Banking Law, to prevent the bank breaking the law in future.

Gillerman added that the federation's warnings throughout the year of the Bank of Israel's irresponsible policy, which were rejected by the bank all along, were now borne out by its own annual report.

### Warning against changing economic policy

Jerusalem Post Reporter  
Israel can hope to maintain stabilization with prices rising by 20 per cent annually, only if economic policy continues along the present lines, according to author Dr. Ya'acov Arnon. Any policy change favouring economic growth over continuing budget cuts will have a negative effect on stability, he said.

### Kessar urges workers to show wage restraint

TEL AVIV (Itim) - Histadrut Secretary-General Yisrael Kessar Tuesday called on works committees around the country to show restraint in their wage demands.

Speaking to the Hevrat Ha'ovdim council here, he said that in the present state of the economy, there is no money for higher wages.

### EEC trade offices

Jerusalem Post Reporter  
Industry and Trade Minister Ariel Sharon plans to set up an Israel-Common Market trade office to promote Israeli interests with the Common Market Commission and to solve economic problems. Last year Israel's exports to the Common Market accounted for 32 per cent of the total, testifying to the great importance of this market.

## Tel Aviv Stock Exchange

### MARKET STATISTICS

#### Indices:

|                     |        |        |
|---------------------|--------|--------|
| General Share Index | 118.85 | -0.46% |
| Non-Bank Index      | 143.02 | -1.37% |
| Arrangement         | 108.66 | +0.09% |
| Insurance           | 163.17 | -1.27% |
| Commerce, Services  | 184.94 | -2.11% |
| Real Estate         | 170.47 | -1.19% |
| Industrials         | 131.18 | -1.35% |
| Textiles            | 158.27 | -2.02% |
| Metals              | 128.36 | -2.55% |
| Electronics         | 108.49 | -1.31% |
| Chemicals           | 130.43 | -0.47% |
| Industrial Invest.  | 125.01 | -1.88% |
| Investment Cos.     | 148.72 | -1.45% |
| Short-term 0-2 yrs  | 109.28 | +0.06% |
| Index-linked Bonds  | 110.03 | -0.04% |
| Partially-linked    | 111.95 | +0.07% |
| Dollar-linked Bonds | 100.68 | -0.13% |
| Short-term 0-2 yrs  | 107.38 | -0.07% |
| Medium-term 2-5 yrs | 108.75 | +0.02% |
| Long-term 5+ yrs    | 107.36 | -0.18% |

#### Turnovers:

|                |                |
|----------------|----------------|
| Shares - total | NIS 10,418,800 |
| Arrangement    | NIS 2,628,800  |
| Non-bank       | NIS 7,789,800  |
| Bonds - total  | NIS 4,068,000  |
| Index-linked   | NIS 2,058,900  |
| Dollar-linked  | NIS 2,010,100  |
| Treasury Bills | NIS 6,189,400  |

**Share Movements:**

|              |     |       |
|--------------|-----|-------|
| Advances     | 70  | (203) |
| of which 5%+ | 4   | (34)  |
| Declines     | 213 | (67)  |
| of which 5%+ | 59  | (10)  |
| Unchanged    | 104 | (128) |
| Trading Halt | 39  | (28)  |

**Bond Market Trends:**

|                 |                  |
|-----------------|------------------|
| Index-linked    | 1.28% - 1.50%    |
| 3% fully-linked | Slight movements |

|                    |               |
|--------------------|---------------|
| 4.25% fully-linked | Mixed to 0.5% |
| 80% linked         | Slight rises  |
| 90% linked         | Falls to 1%   |
| Double-linked      |               |
| Dollar-linked:     |               |
| Admon              | Mixed to 0.5% |
| Rimon              | Stable        |
| Gilboa             | Mixed to 1%   |
| For. Curr.         |               |
| Treasury Bills     | Stable        |
| (monthly yield)    |               |
| DB ord.            | 11.08%        |
| Union 0.1          | 10.94%        |
| Discount A         | 11.00%        |
| Mizrahi r.         | 10.95%        |
| Hapoalim r.        | 11.23%        |
| General Bank       | 10.81%        |
| Leumi stock        | 11.26%        |
| Fin. Trade 1       | 10.88%        |

### SELECTED PRICE QUOTATIONS

| Name                                  | Price      | Volume | %    |
|---------------------------------------|------------|--------|------|
| Commercial Banks                      |            |        |      |
| (not part of "arrangement")           |            |        |      |
| Maritime 1                            | 1155       | 3978   | -    |
| General non-arr.                      | 2700       | 72     | -1.8 |
| First Int'l                           | 3559       | 5980   | -0.0 |
| FIBI                                  | 4195       | 5080   | -    |
| Commercial Banks                      |            |        |      |
| (part of "arrangement")               |            |        |      |
| DBI                                   | 3329       | 266    | -    |
| Union 0.1                             | 62480      | 79     | -0.0 |
| Discount                              | 107050     | 100    | +0.1 |
| Mizrahi                               | 34850      | 817    | -    |
| Hapoalim r                            | 56700      | 903    | -    |
| General A                             | 146200     | 76     | +0.8 |
| Leumi 0.1                             | no trading |        |      |
| Fin. Trade                            | 48150      | 150    | -    |
| Mortgage Banks                        |            |        |      |
| Leumi mort. r                         | 5050       | 280    | +1.0 |
| Dev. Mort.                            | 1400       | 900    | -2.4 |
| Mishkan r                             | 2597       | 556    | -5.5 |
| Tefahot r                             | 14400      | 237    | -0.7 |
| Mezev r                               | 4950       | 565    | +0.8 |
| Real Estate, Building and Agriculture |            |        |      |
| Azrieli                               | 855        | 12498  | -    |
| Elion                                 | 375        | 4820   | -2.6 |
| Azrieli Int. 0.1                      | 34150      | 56     | -    |
| Danisco                               | 4270       | 573    | -0.4 |
| Prop. & Bldg.                         | 2825       | 2564   | -0.0 |
| Bayside 0.1                           | 4220       | 163    | -4.1 |
| ILDC r                                | 50500      | 145    | -1.0 |
| Raseco r                              | 5155       | 8.0    | -5.0 |
| Mahadim                               | 7100       | 752    | -    |
| Hadarim                               | 1150       | 4055   | -    |
| Industrials                           |            |        |      |
| Dubek b                               | 4050       | 452    | -    |
| Pi-Ze 1                               | 2202       | 610    | -    |
| Sunfrost                              | 8480       | 184    | +0.8 |
| Alita                                 | 14890      | 122    | -0.5 |
| Adgar                                 | 854        | 888    | -1.8 |
| Argaman r                             | 12850      | 254    | -    |
| Delta G 1                             | 4840       | 500    | -    |
| Maquette 1                            | 26258      | 73     | -0.0 |
| Poligon 0.4                           | 12850      | 88     | -2.3 |
| Schellera                             | 8100       | 48     | -4.2 |
| Rogodin                               | 4005       | 562    | -    |
| Urodon 0.1 r                          | 11800      | 109    | -    |
| Is. Can. Co. 1                        | 1248       | 5823   | -0.7 |
| Zion Cables                           | 2270       | 294    | -5.9 |
| Poker Steel                           | 7450       | 190    | -    |
| Eilat 3 r                             | 48600      | 27     | -    |
| Trade & Services                      |            |        |      |
| Meir Extra                            | 4500       | 30     | -2.9 |
| Supersol 2                            | 5400       | 1324   | -2.1 |
| Dalek r                               | 5170       | 2877   | -    |
| Lightage                              | 1735       | 151    | -    |
| Cold Storage                          | 2850       | -      | -5.0 |
| Dan Hotels                            | 3650       | 313    | -8.8 |
| Yarden Hotel                          | 3790       | 840    | -1.6 |
| Hilton 1                              | 12500      | 8      | -1.6 |
| Teem 1                                | 1950       | 2044   | -    |
| Investment Companies                  |            |        |      |
| IDB Dev. r                            | 4050       | 3281   | -1.5 |
| Elion                                 | 3040       | 2135   | -3.5 |
| Alit 1                                | 1440       | 163    | -8.8 |
| Gabriel                               | 9201       | 1371   | -    |
| Wolfson 1 r                           | 111500     | 4      | -4.3 |
| Hapoalim Inv.                         | 5310       | 1580   | -7.0 |
| Leumi Invest.                         | 4810       | 318    | -    |
| Discount Invest.                      | 2570       | 6790   | -2.1 |
| Mizrahi Invest.                       | 18900      | 83     | -3.3 |
| Clal 10                               | 845        | 618    | -    |
| Lendec 0.1                            | 9653       | 5.0    | -5.0 |
| Pama 0.1                              | 9500       | 5.0    | -1.0 |
| Exploitation                          |            |        |      |
| Paz Oil Expl.                         | 13700      | 287    | +0.7 |
| J.O.E.L.                              | 1595       | 2376   | -3.9 |

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Haifa: 11 Pal-Yam St. adjoining the Zim Building, Tel. 04-670725

## Shahal: Nuclear power here shortly after the year 2000

TEL AVIV - Nuclear power stations producing electricity will be functioning in Israel shortly after the year 2000, Energy and Infrastructure Minister Moshe Shahal yesterday told several hundred participants at the Fourth Annual Conference on Coal here. The meeting was sponsored jointly by the National Coal Supply Corporation and the Gordin Institute for Energy.

As for the tug-of-war between those favouring the continued use of coal despite the sharp plunge in the price of oil, Shahal noted that "we shouldn't turn back to oil so fast." He thought that the oil-producing countries would soon get together and that the price of oil would "rise by a couple of collars a barrel, perhaps as soon as this August."

The policy of his ministry, he said, would be to continue going ahead with all those projects based on installing dual facilities, which could use either coal or oil. It should not be forgotten that the price of coal was also steadily dropping.

## FINANCIAL DATA: ISRAEL, EUROPE, U.S.

### ISRAEL MONEY MARKETS June 4, 1986

| SHEKEL INTEREST RATES                 |              |          |             |              |
|---------------------------------------|--------------|----------|-------------|--------------|
| PRIME BORROWING RATE: 1.25% per month |              |          |             |              |
| Unlinked Deposit (Annual Rates)       |              |          |             |              |
|                                       | Last Updated | Tapas    | Pakam 7-Day | Pakam 30-Day |
| LEUMI                                 | 4.8          | 7-13.25% | 8-13%       | 8-13.5%      |
| HAPALIM                               | 20.5         | 8-14.5%  | 9-15%       | 9-15%        |
| DISCOUNT                              | 9.4          | 7-13%    | 7-13%       | 8-14%        |
| MIZRAHI                               | 8.5          | 8-16%    | 6-15%       | 6-17%        |
| FIRST INT'L                           | 12.3         | 6-13%    | 7-13%       | 6-13%        |

Rates vary according to size of deposit.  
(Tapes: demand deposit paying daily interest.  
Pakam: fixed-term deposit available from 7 to 59 days.)

### PATAH - FOREIGN CURRENCY DEPOSIT RATES (as of June 4)

|     | 3-MONTHS | 6-MONTHS | 12-MONTHS |
|-----|----------|----------|-----------|
| USD | 8.575    | 8.750    | 8.500     |
| STG | 4.000    | 4.125    | 4.125     |
| DMK | 4.250    | 4.125    | 4.000     |
| SFR | 3.125    | 3.250    | 3.375     |
| YEN |          |          |           |

Rates vary according to size of deposit and are subject to change.

### SHEKEL FOREIGN EXCHANGE RATES

|                 | CHEQUES AND TRANSFERS | BANKNOTES     | Rep.   |
|-----------------|-----------------------|---------------|--------|
| U.S.A. Dollar   | Buy 1.4782 1.4877     | Buy 1.45 1.53 | 1.4888 |
| U.K. Sterling   | 2.2056 2.2331         | 2.17 2.28     | 2.2188 |
| Deutch Mark     | 0.6522 0.6604         | 0.64 0.67     | 0.6566 |
| French Franc    | 0.2049 0.2074         | 0.20 0.21     | 0.2061 |
| Dutch Florin    | 0.5801 0.5873         | 0.57 0.60     | 0.5836 |
| Swiss Franc     | 0.7805 0.7883         | 0.78 0.82     | 0.7940 |
| Swedish Krone   | 0.2040 0.2066         | 0.20 0.21     | 0.2048 |
| Norweg. Krone   | 0.1927 0.1951         | 0.19 0.20     | 0.1936 |
| Danish Krone    | 0.1757 0.1789         | 0.17 0.18     | 0.1775 |
| Finnish Mark    | 0.2828 0.2864         | 0.28 0.29     | 0.2843 |
| Canad. Dollar   | 1.0527 1.0759         | 1.05 1.10     | 1.0697 |
| Austr. Dollar   | 1.0052 1.0481         | 0.99 1.09     | 1.0430 |
| S. African Rand | 0.8085 0.8141         | 0.47 0.52     | 0.6098 |
| Belgian Franc   | 0.3183 0.3222         | 0.31 0.33     | 0.3216 |
| Austrian Sch.   | 0.9295 0.9411         | 0.92 0.96     | 0.9342 |
| Italian Lire    | 0.8522 0.8641         | 0.84 0.89     | 0.8580 |
| Japanese Yen    | 0.8668 0.8774         | 0.86 0.89     | 0.8715 |
| Jordanian Dinar |                       | 4.11          | 4.1612 |



## THE JERUSALEM POST

Ari Rath  
Editor and  
Managing DirectorErwin Frenkel  
Editor

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## The real issue

ATTORNEY-GENERAL Yosef Harish hopes to conclude his study of the material on the "Shalom Affair" as soon as possible, which it may be assumed will not be very long. Although he has not solicited any outside aid for the purpose, it may not be amiss to submit for the attorney-general's consideration, before he finally makes up his mind, a few pedestrian thoughts in the matter.

First, the issue proposed for investigation is plainly not the killing of two captured Arab terrorists at Deir al-Balah. It is the charges by three senior officials of the General Security Service, among them Mr. Shalom's second in command, that their chief sought to cover up his own responsibility for the killings by unlawful means in the two inquiries held into those killings. The threesome may be a conspiratorial cabal, as senior government leaders now claim — in which case it is surely worth finding out how they managed to climb so high on the ladder of authority — or they may have been selflessly telling the truth, even if only in part. That central question, in any case, can only be answered by means of a proper judicial inquiry, which, indeed, should be held behind closed, leak-proof doors; such doors are locally available, as has been proved in security-sensitive inquiries in the past. The prime minister, who is in direct charge of the GSS is certainly not the person to serve as sole judge, where such an irreconcilable conflict of versions emerges.

Second, it is true that the results of a judicial inquiry into allegations of obstruction of justice by Avraham Shalom may force a reassessment of the issue of responsibility for the Deir al-Balah killings. The question may then arise whether what had originally been presented as a violation of an established norm may not actually be standard operating procedure: in other words, that captured Arab terrorists, who do not come under the protection of the Fourth Geneva Convention, are routinely — though by no means invariably — killed following interrogation in the field.

If so, no violation of any norm was in fact involved, and the political echelon, for its part, cannot be faulted for a cover-up in the affair, since it was its duty to shield the operational level from criticism when the foul-up — the discovery and publication of the killings — occurred. A rethinking of the GSS's code of behaviour may then be necessary. But this need not be the attorney-general's worry.

Third, the interests of security — or Reason of State — must be carefully weighed in deciding on the right handling of the "affair." But the dreadful crimes committed throughout history in the name of Reason of State must also be borne in mind. Which is, of course, all obvious enough.

## POLLARD

(Continued from Page One)

when Pollard delivered to Yagur "a suitcase full of classified documents."

The indictment said that Pollard "did knowingly and wilfully conspire, combine, confederate and agree" with the four Israelis "to commit an offence against the United States."

It said that Pollard, in the spring of 1984, indicated to an unnamed associate that he would like to meet with Sella. Pollard offered to provide U.S. intelligence information to Sella, who then provided Pollard with "a code system, based upon the Hebrew alphabet, to be used by Sella to contact Mr. Pollard at various pay telephones in Washington, D.C."

The indictment said that Sella and Pollard met at the suburban Maryland residence of an Israeli diplomat assigned to the Embassy in Washington. This diplomat was not named in the indictment.

When Sella returned to Israel in 1985, Pollard was informed that Yosef Yagur would be his main "contact."

Pollard was invited to Paris, France, to meet with Eitan, Sella and Yagur in the autumn of 1984. At that time, they discussed "such matters as collection requirements and the arrangements by which Mr. Pollard would be compensated." They told Pollard of specific tasks that Israel required of him.

Pollard was initially paid \$1,500 a month. Later, he received \$2,500 a month. The total amount he received in monthly salaries came to more than \$45,000.

In addition, the indictment said that during one visit to Israel, Pollard was given an Israeli passport, with his picture and the name Danny Cohen, which would be Pollard's new identity in Israel after the espionage operation was completed. The court papers said that the Pol-

lard operation was planned to have a 10 year life-span.

The passport, the indictment said, "was a demonstration of gratitude for services rendered in that it identified Mr. Pollard as a citizen of Israel."

Beyond the monthly salary, Yagur opened a foreign bank account for Pollard, depositing an initial \$30,000 with a promise of continuing to deposit \$30,000 a year for the duration of the operation. Pollard also was given \$10,000 in cash to pay for his trip to Europe and Israel.

"Sella also purchased an expensive diamond and sapphire ring for Mr. Pollard to give to Anne Henderson-Pollard," the indictment said.

The specific information which Pollard provided was related "to identify and assess threats to Israel's security."

Pollard's lawyer, Richard Hibey, yesterday said that the 31-year-old analyst had been motivated by his feelings toward Israel and his "anti-communism."

Many of the documents were given to the Israelis at the Washington apartment of Irit Erb, a secretary at the embassy. This was "typically done on a Friday evening, according to the indictment."

"Erb would copy or have copied the documents for which Mr. Pollard was accountable, in order that he could retrieve them within a few days thereafter for return to their classified repositories... Mr. Pollard would return to Erb's apartment, usually on the following Sunday, to pick up the accountable materials."

The indictment said that "sophisticated copying and photographic equipment" was used.

On the last Saturday of each month, Pollard would meet with Yosef Yagur "in another apartment within Erb's apartment building." Yagur would pay Pollard at these meetings.

## MANDELBAUM

(Continued from Page One)

bank's annual report. He added that he had hoped that by then a successor would have been found.

Government officials yesterday criticized Mandelbaum for going abroad without properly presenting his letter of resignation. They said Mandelbaum's attitude was "highly unusual."

In a related development, Bank Mizrahi's board of directors met yesterday but failed to decide on a successor to Aharon Meir. Meir, and the heads of the three other biggest commercial banks, was forced to resign by the Bejski Commission. Although it barred him from serving in any senior capacity at the bank, Meir remains on the board of directors.

## YA'ARI

(Continued from Page One)

"You kept hitting her from behind, Vivi. You wanted to rob her of the money hidden in her underwear, but she scratched you and refused to give you the money," Ya'ari cried.

Ya'ari stuck to her version that Granot had wanted to scare Malavski and had fought with her, but insisted that Malavski's death had been an accident.

Granot, on the other hand, in a calm and monotonous voice repeated her version, that Ya'ari had murdered Malavski by hitting her on the head with the rolling pin and had then run her over with her car.

Granot, on the other hand, in a calm and monotonous voice repeated her version, that Ya'ari had murdered Malavski by hitting her on the head with the rolling pin and had then run her over with her car.

## Footnotes to an affair

ALLAN E. SHAPIRO

directly with regard to Ben-Gurion's demand for a renewed investigation.

SHIMON PERES, of course, supported Ben-Gurion all the way in his demand for a judicial investigation of the Lavon Affair. Peres followed Ben-Gurion into the political wilderness when Ben-Gurion left the then dominant Mafai party and formed the Rafi splinter-group.

No one seems to have been concerned in those days that a judicial inquiry would threaten national security, although the entire affair revolved around a super-sensitive intelligence matter.

Then, as now, the judicial branch of the government had a better record of keeping secrets than the other branches. In the Lavon Affair there were two committees headed by Supreme Court justices — the Olshan-Dori investigation and the investigation by Justice Haim Cohn — and the closed-door trial of "third man" Avraham Zeidenberg, when the charges of a cover-up were first made.

The entire affair remained a secret as long as it remained a matter of investigation and judicial determination. The leaks came when the affair became a political test of strength and emanated from the politicians, not from the judges.

Ben-Gurion, of course, was very worried about the security aspects of the affair, but the harm to security, in his view, was not that facts would be divulged about the operation of army intelligence. Rather, the security damage was in leaving unresolved charges of irresponsibility and cover-up hovering over such a sensitive security branch.

How uncomfortable Peres must have felt in his recent Knesset appearance! Perhaps that explains why his tone was so high-tempered, the content of his remarks so illogical, and their impact so unconvincing. While subsequent reports indicate that Peres has reconciled himself to some sort of probe of the General Security Service affair, his committee of seven and did not take sides

he administered to Prof. Yitzhak Zamir will hardly improve either his self-image or his public image. Nor does it lessen his responsibility in deciding what sort of investigation should be held in the pending affair.

THE PRESENT law of investigation commissions was enacted in 1968, largely as a result of Ben-Gurion's demand for a judicial investigation at the time of the Lavon Affair. The great advantage with an investigative commission is its credibility. Since the commission is appointed by the president of the Supreme Court and headed by a senior judge, its independence and standing ensure public respect for its findings, although differences of opinion will inevitably remain with regard to specific recommendations.

Indeed, the government's reluctance to take the statutory route is a product of the strength of such a commission, which can force unwanted decisions on the government. In part, this is the result of one of Zamir's most questionable determinations — that personal recommendations of an investigatory commission are binding on the government, unless it has solid reasons for rejecting them.

If Peres finally opts for some form of in-house probe, after the model of the Lavon Affair's committee of seven, it will be a betrayal of his mentor, Ben-Gurion. He will have institutionalized his own credibility problem.

Unlike Zamir or Peres, Yitzhak Shamir has no problem of inconsistency with his past. He got used to handing out death warrants a long time ago. He probably acted in the bus hijack affair and its aftermath with the same nonchalance with which he received Mordechai Zippori's telephoned report that a massacre was in progress in the Beirut refugee camps.

The former Levi chief will never really surface. The state, for him, is a sovereign underground. But barring a mishap, he will soon be prime minister of the State of Israel, not chairman of the Israel Liberation Organization. Heaven help us!

The writer is a political scientist.

## READERS' LETTERS

To the Editor of The Jerusalem Post

Sir, — As an American public school teacher, whose attention was drawn to Youth Aliya after reading two most stimulating articles on a village called Yemin Orde in one of two of your January 1985 weekend supplements, and who spent this whole year as a volunteer in this Youth Aliya village, living and working with both an immigrant population from 16 countries, including 150 Ethiopians (many orphans), integrated with truly disadvantaged youth from multi-problem Israeli families. I read with shock and anger Charles Hoffman's article "Youth Aliya — Is it obsolete?" (May 23).

I hate to see Youth Aliya, which has become to me so meaningful since I became personally involved with these children and the outstanding educational staff, destroyed by being portrayed in a bad light and ask myself a question which has haunted me this entire year: why do Israelis try so hard to destroy the best of their achievements?

Mr. Hoffman's article is ideologically, and I believe, based on my experience, also factually, seriously flawed. Few are aware that Youth Aliya, often with other Israeli governmental agencies, is still active in actually rescuing children in the Diaspora where their very lives are in danger. This historical process has not stopped. Here we have had an intake of children from such countries besides Ethiopia all year round.

Mr. Hoffman seems to think that a total of 18,500 Youth Aliya children is a large number. Why isn't it more? In America, we have no government-sponsored system of providing residential, educational, cultural and also patriotic children's support service. We have a vast network of juvenile detention centers — a euphemism for prisons — for children who have already joined the criminal class. Israel is unique in providing these extremely necessary residential villages for children before they become lost to society. The author's claim that Project Renewal obviates the need for the Youth Aliya children's villages is unfounded in fact. Again, in America, we have vast new housing projects for the poorer classes, underwritten by the government; they provide better housing but this does not "deghettoize" disadvantaged youth.

Mr. Hoffman's quick conclusion does not coincide with the big open-ended question that still hangs over most of the serious surveys and researches that deal with these issues. I personally believe that Project Renewal and residential education complement each other and serve different needs.

Mr. Hoffman focuses at great length on the percentage of Orthodox Youth aliya facilities. What I, coming from a Conservative background in America, have witnessed, has shown me that the stability and moral framework of a modern Orthodox setting (which could better be described as a religious traditional atmosphere) provides the children with a very high degree of peace and good order so necessary to overcome the ravages of the urban slums our Israeli children come from and so vital to teach our immigrants what Judaism is. At the same time, this village is a patriotic, Zionist children's village designed to teach love of the country and the continuation of Judaism. Indeed, almost all of the children are psychologically, educationally, physically and patriotically prepared for their coming army ser-

## YOUTH ALIYA

vice. In fact, these children look forward to their army service as their patriotic duty.

No, Youth Aliya is not obsolete today. Youth Aliya is a vitally needed part of the country's absorption process in building good citizens in a Zionist democracy. My highly positive experience this year has taught me what my own country sorely lacks and desperately needs — an American version of Youth Aliya.

PETER ADDELSTON  
Yemin Orde Wingate (New York).

Charles Hoffman comments:  
Mr. Addeleston, like many other well-meaning observers, mixes up

## HOLOCAUST DAY AT ISRAEL MUSEUM

To the Editor of The Jerusalem Post  
Sir, — We refer to Kato Nissen's letter of May 22, about Holocaust Day at the Museum. Prior to the meeting of the Israel Museum's council, we discussed the rules both with Yad Vashem and with the Ministry of Interior.

As a result, we avoided public or entertaining events on the eve of Memorial Day and divided our visitors into small groups. There is no prohibition on dining on that even-

ing. On Holocaust Day itself, cultural events are not restricted. Schools go on outings, kiosks providing drinks and food are open, and this is what we confined ourselves to. After darkness no restrictions apply anywhere. All entertainment places in the country are legally open and active and there was no reason not to have a dinner at the Dead Sea.

MEIR MEYER  
Vice Chairman,  
The Israel Museum  
Jerusalem.

## DEVOTED MEDICAL CARE

To the Editor of The Jerusalem Post  
Sir, — In these times of great pressure and financial stress on hospitals, one is constantly reminded of their problems and the services which they cannot provide. Yet there are people in the medical services who are still giving the highest standards of care and attention without the recognition which they deserve under these difficult conditions.

I have been hospitalized for five

weeks at Shaare Zedek in Jerusalem and am a witness to the high calibre of the care and medical knowledge of its devoted nursing staff. I have nothing but praise for the staff at all levels for their skill and their humanity to patients, as well as their consideration to my family and friends during a very difficult time.

Such care of the sick makes me proud to be an Israeli.

BENNIE MARKUS  
Jerusalem.

**HAIFA MUNICIPALITY**

**Closing of Rehov Nardau to Traffic**

To permit work on the Nardau Mall, scheduled to start Sunday, June 8, Rehov Nardau on Hader Carmel will be closed to traffic, in the Rehov Balfour — Rehov Nardau section.

Bus routes 15 and 24, which pass through the street, will instead go via Rehov Arlosoroff and Balfour. The alighting stops in Nardau are cancelled.

Aviv Taxi Station will move to Rehov Yona, close to Hama Shabbat Lazzarshan. People living in the street who own cars, and who have stickers authorizing them to park in Nardau, may park their cars in adjacent streets in which special parking arrangements have been instituted (without changing their parking stickers). Loading and unloading will be permitted in the street between 6 and 9 a.m., and between 1 and 3 p.m.

Drivers are requested to use alternative routes — Rehov Yosef and Rehov Arlosoroff.

Haifa Requests Your Patience!

## Dry Bones



## Shoah business

CALEV BEN-DAVID

THE FILM *Shoah*, Claude Lanzmann's widely-acclaimed nine-and-a-half hour documentary on the Holocaust, will next week have its Israeli premiere at the Jerusalem Cinematheque. It arrives here at an auspicious time, for the subject is much on our minds these days and thanks in large part to the Waldheim affair and the Demjanjuk trial. The film has already been seen in the U.S., in Western Europe and even in Poland, where it stirred a controversy on the degree of Polish anti-Semitism during the war. Wherever it has been shown, the movie has generated an impressive amount of publicity and critical comment.

Regardless of *Shoah's* qualities this is hardly surprising, for after far too many years of uneasy silence, the Holocaust is currently a hot topic. It is now deemed suitable to provide material for popular commercial properties like films, TV mini-series, theatrical productions, novels and non-fiction books. It has also become a cottage academic industry, the source of countless articles, seminars, symposiums, lectures and dissertations. As a cynical expression coined in the U.S. goes: "There's no business like shoah business."

"Rescues the Holocaust from banality," is how one critic described the experience of watching *Shoah*. This may be true of the film itself, but much of the publicity and critical discussion it has inspired has sunk into the sea of shallow commercialism and vapid intellectual hot air that can overwhelm the most serious subject. One New York reviewer implied that she was tired of hearing about the Holocaust, thus creating a storm of published responses that diverted attention from the more serious aspects of the subject and focused instead on the legitimacy of her response to it. Another reviewer noted the current glut of Holocaust related material and wrote: "With his gaunt, hollow cheeks and haunted eyes, even Elie Weisel has become the cliché of a survivor."

In his recent novel, *White Noise*, a scathing critique on the banality of modern American culture, author Don DeLillo slyly makes his protagonist a professor of Holocaust Studies. Of course, we in Israel are also not without some guilt in trivializing the subject; one can think of more appropriate viewing for the eve of Martyrs and Heroes Remembrance Day than a Holocaust Quiz Show. ITV would better use its money acquiring the documentary *Kaddish*, a disturbing and moving study of the relationship between a Holocaust survivor and his Brooklyn-born son.

Released in the U.S. only two years ago, our local TV management is still haggling with the distributors over its purchase. I am informed by one of the film's subjects, the journalist Yossi Klein Halevi.

Many of the more noted authorities on the Holocaust hold the opinion that, due to the magnitude of the subject, this ultimate expression of man's inhumanity to man may in the end lie beyond the reach of man's abilities of expression. There is also some validity to the point that even the most eloquent and intensely personal expressions of anguish from people like Weisel, Primo Levi, and the survivors in *Shoah* inevitably lose some of their power to disturb when they enter the public marketplace. The problem is especially acute now with museums and memorials to the Holocaust being erected throughout the Western world; even Yad Vashem can be reduced to another spot on the tourist schedule.

PERHAPS the answer can only be found in the living legacy of the Jewish State. This previous Martyrs and Heroes Remembrance Day was my first in Israel, and I was on a bus in Jaffa Road when the memorial sirens rang out. I knew the moment was coming but did not expect the bus driver to stop the bus in the middle of the street and stand up with all the passengers. Outside, like some science-fiction movie, cars and pedestrians were frozen in space on this crowded intersection in downtown Jerusalem. Though I grew up in a city of Jews, in the company of Holocaust survivors, for me this was a new experience. Though in New York they might build museums, organize panel discussions, and produce films on the subject, they do not stop traffic for the Holocaust.

Such a thing is only possible in a true Jewish society. This is why, along with such responsibilities as prosecuting Demjanjuk and banning Waldheim, the privilege of such remembrance is uniquely ours. No doubt, when *Shoah* opens here, and if it gets a wide enough distribution, it will have a significant impact on our national consciousness. Still, it is worth remembering that two minutes of public silence on a sunny intersection in downtown Jerusalem can be more (in the critics' words) "powerful, meaningful, and immensely moving" than nine-and-a-half hours of private testimony in a dark theatre anywhere else in the world.

Calev Ben-David is a journalist who works for the aliya movement Telem.

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